



# Air Force Management of the Defense Acquisition Workforce Development Fund

## Opportunities for Improvement

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## Preface

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The Defense Acquisition Workforce Development Fund (DAWDF) was established in the fiscal year 2008 National Defense Authorization Act to assist in the recruitment, training, and retention of U.S. Department of Defense (DoD) acquisition personnel so that they can properly perform their mission, provide appropriate oversight of contractor performance, and ensure that DoD receives the best value for the expenditure of public resources. The DAWDF charter requires the Director of Acquisition Career Management in each of the services to provide DoD with measurable objectives and to track the performance of programs receiving resources from the fund. To satisfy this requirement, the Air Force's Office of Acquisition Career Management, SAF/AQH, asked the RAND Corporation to help develop a framework for using DAWDF to effectively invest in recruiting, retaining, and developing the civilian acquisition workforce.

This report discusses process, data collection, and metrics improvements that will help the Air Force's DAWDF program manager better initiate and track the performance of DAWDF initiatives. It also describes a general framework for prioritizing DAWDF proposals that could be useful for all DoD DAWDF program managers. Finally, it presents insights on the use of recruiting, training, and retention initiatives outside DoD, based on interviews with 21 commercial organizations that have been listed among *Fortune* magazine's "100 Best Companies to Work For."

This research was conducted within the Manpower, Personnel, and Training Program of RAND Project AIR FORCE. It should be of interest to DAWDF program managers in other services, the Joint Staff, and DoD agencies.

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## Summary

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The Defense Acquisition Workforce Development Fund (DAWDF) was established in 2008 to provide funds for the recruitment, training, and retention of acquisition personnel. The fund, which is financed by a combination of direct appropriations and funds provided by military departments and defense agencies, is meant to pay for initiatives in three major categories: recruit and hire new acquisition personnel, train and develop members of the existing workforce, and retain and recognize highly skilled personnel. Since the fund's establishment, the U.S. Air Force has contributed more than \$600 million to DAWDF and received more than \$451 million for various initiatives. The Air Force's Director of Acquisition Career Management (DPCM), who is in the Office of the Assistant Secretary of the Air Force for Acquisition, Air Force Acquisition Career Management [SAF/AQH]), is responsible for managing the Air Force's share of the money.

In recent years, resources available to the Air Force through DAWDF have been sufficient to pay for all proposals received by the DPCM, so there has been little need to develop a formal process to prioritize them. Recognizing that this will not always be the case, the DPCM asked the RAND Corporation to help explore ways to ensure that the funds are used effectively.

To do this, we examined legislation, regulations, and other documents related to the fund; interviewed acquisition workforce subject-matter experts and users of DAWDF money in headquarters organizations, major commands (MAJCOM), and centers; analyzed acquisition workforce databases; and interviewed managers in 21 companies that have been recognized by *Fortune* magazine as being among the “100 Best Companies to Work For.” Our findings and recommendations can be summarized in four categories: DAWDF management processes, evidence-based justification and metrics, lessons from industry, and a proposed evaluation framework.

### DAWDF Management Processes

For convenience, we divide the annual DAWDF approval process into three phases:

- Phase One: developing and communicating a strategy
- Phase Two: developing the call for requirements and collecting requests
- Phase Three: approving initiatives and monitoring execution.

We examined the activities undertaken by the Air Force in each phase, looked at how similar functions were handled in the U.S. Army and the U.S. Navy, and identified a number of ways in which Air Force processes could be improved.

In Phase One, we found that potential Air Force users of DAWDF funds were unaware of strategic guidance related to the acquisition workforce and were therefore unable to link potential

DAWDF initiatives to strategic objectives. When we initially reviewed the process for gathering DAWDF initiatives from acquisition organizations and functions, we observed that MAJCOM and center functional managers in the Air Force had little knowledge of the DAWDF process and were not reviewing annual submissions being made through personnel channels. This clearly hindered attempts to address acquisition-workforce development issues from a strategic perspective. SAF/AQH needs to provide better guidance about DoD and Air Force–level strategic priorities related to acquisition and the acquisition workforce so that personnel and functional managers can better shape their DAWDF proposals to Air Force needs.

Recent calls for requirements (Phase Two) have done a good job of providing basic information about how to apply for DAWDF funding, but the Air Force needs to do a better job of ensuring that proposed initiatives clearly justify the need for the proposal and that valid metrics will be used to judge the performance of the initiative. Additionally, the DACM needs to encourage communication between the personnel and functional communities at all levels to ensure that good ideas are shared and innovative suggestions are not stifled. The DACM should consider hosting a DAWDF conference that brings together functional and personnel representatives who work at the headquarters, MAJCOM, and center levels to help ensure that proposed initiatives address important needs.

The Air Force currently has no formal documentation of its DAWDF processes. It would be especially useful to formalize the DAWDF initiative approval process of Phase Three. This will address any concerns about process transparency, may improve interaction with potential fund users, and will help SAF/AQH respond to queries or audits that may seek justification for funding decisions.

## Evidence-Based Justification and Metrics

The DAWDF charter requires DACMs to develop measurable objectives and to track performance metrics for approved initiatives. Doing so has been a difficult task for all organizations that use DAWDF money, not just the Air Force. Despite the difficulties, however, evidence-based justification and monitoring need to be improved.

One difficulty is the determination of appropriate data to use for assessing performance. Enterprise-wide databases, such as the Defense Civilian Personnel Data System (DCPDS), may be useful for assessing the impact of Air Force–wide hiring initiatives, for example, but may not be useful for DAWDF initiatives that target small, installation-level populations. In addition, there may have been insufficient time for the impact of some DAWDF programs to show up in enterprise-wide data.

Thus, different data sources are needed to track the effectiveness of different types of DAWDF initiatives. In some cases, available databases need to be merged to better justify proposed initiatives and facilitate the development and tracking of metrics associated with the performance of DAWDF initiatives.

Designation of appropriate metrics with which to measure the effectiveness of DAWDF initiatives is another area that has not been consistently emphasized. We observed problems with defining metrics and with properly applying them. It is important during the approval process for new DAWDF initiatives that SAF/AQH staff work with initiative proposers to ensure that their suggested metrics will be useful in justifying the initiative to higher-level decisionmakers and Congress.

We also recommend that SAF/AQH place more responsibility on initiative proposers to describe the data that shows the existence of an acquisition workforce problem and to explain the way they will measure the success (or failure) of their initiative. If this requirement is more consistently enforced, available data and the structure that facilitates analysis should improve over time.

## Lessons from Industry

Interviews with companies on *Fortune* magazine’s “100 Best Companies to Work For” list revealed that they employ a wide array of recruiting and retention tools—programs, benefits, and incentives—as part of a long-term, comprehensive human capital strategy. And many DAWDF initiatives are in line with what other organizations use to recruit, retain, and develop their workforces.

The most important lessons from industry for the Air Force include the following:

- There may be more opportunities to implement high-impact, relatively low-cost programs.
- Social-media applications appear to be gaining importance for workforce management.
- A variety of approaches can be used to gauge the effectiveness of incentive programs.
- A framework that classifies strategies to attract and retain talent based on whether they pertain to individuals or the organization has value.

## A Proposed Evaluation Framework

For several years, the Air Force has been in the fortunate position of not having to prioritize DAWDF proposals—the available money has been sufficient to fund all requests judged to meet DAWDF eligibility criteria. When this is no longer the case, it will be useful for SAF/AQH to have a framework for comparing the potential impact of different proposals. Based on insights gained from document reviews, discussions with subject-matter experts, and interviews with industry, we developed a simple framework for organizing and prioritizing DAWDF proposals in order to aid the approval process. The framework is illustrated in Table S.1.<sup>1</sup>

---

<sup>1</sup> The “Specific Initiatives” column in Table S.1 contains examples for illustration purposes. In a given year, other types of initiatives might be proposed.

The framework formalizes the prioritization of DAWDF proposals in order to assist decisionmakers in assessing them. As shown in the first column of the table, initiatives can “target” individual or corporate goals. The second column shows that individual initiatives are generally financial (such as merit awards) or nonfinancial (such as public recognition for performance). At the corporate level, initiatives can focus on external issues (public communication via social media) or internal issues (such as an organization’s culture). As DAWDF proposals are received, they can be placed in the appropriate Target Level and Broad Initiative Category and also in the relevant DAWDF category. The strategic goals of a given year will determine those initiatives that will receive the highest priority. In Table S.1, for example, if DoD wanted to focus on training and developing the workforce in a given year, individual initiatives, such as tuition assistance and flextime, would have priority, and corporate initiatives related to information technology would be closely scrutinized. This would help prioritize the proposals, after which data and metrics behind the proposal would be examined to see if the proposal is justified and can be effectively monitored. In addition, insights from industry could be used to assess the potential for the proposal.

**Table S.1. Evaluation Framework for DAWDF Initiatives**

Target Level	Broad Initiative Category	Specific Initiatives	Recruit and Hire	Train and Develop	Retain and Recognize
Individual	Financial	Relocation assistance			x
		Signing bonus	x		
		Merit awards			x
		Tuition assistance		x	x
		Others	x	x	x
	Non-Financial	Recognition			x
		Sabbatical	x		x
		Flextime	x	x	x
		Services	x	x	x
		Other	x	x	x
Corporate	External	Social media	x		
		Branding	x		
	Internal	Info Technology	x	x	x
		Culture	x		x
		Other	x	x	x

## Final Thoughts

Successful Air Force management of the DAWDF program involves

- recognizing the existence of an acquisition workforce problem
- justifying the use of DAWDF money for initiatives proposed to solve the problem
- monitoring the performance of the initiative
- updating, modifying, or canceling the initiative based on its performance.

These principles require good communication with acquisition-workforce personnel and functional managers, effective use of data sources for justification of initiatives and for performance monitoring, and transparent processes for collecting and approving proposed DAWDF initiatives. Our detailed recommendations related to these requirements can be briefly summarized as follows. SAF/AQH should

- Formalize and document all processes related to DAWDF management.
- Stress the use of appropriate levels of data for justifying DAWDF initiatives and monitoring their performance.

- Use a more formal process, such as the framework described in Chapter Six, for approving DAWDF initiatives.

## Acknowledgments

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We also thank the many people involved in the management and use of DAWDF funds who agreed to talk to us anonymously about their experiences. We very much appreciate the efforts of Tammy Lyons, chief of Headquarters Air Force Materiel Command, Manpower, Personnel and Services Directorate, Personnel Support Division (AFMC/A1K); Roz Jones-Byrd, also of AFMC/A1K; and Laura Young, director of Manpower and Personnel at Los Angeles Air Force Base, in organizing several interviews.

Sheila Brennan, former director of personnel at the Electronic Systems Center at Hanscom Air Force Base, and Owen Burns of TMP Government were generous with their time in describing the Air Force efforts at “branding” and using social media to aid in recruiting and retention. The software development company BAMTech was very helpful with creating a subset of AFAEMS data for our metrics analysis.

Jason Pitts, chief, Section 852/DAWDF Branch at the U.S. Army DACM office, and Hugh C. Smith, director of the Naval Acquisition Career Center, patiently described the approaches the Army and Navy take in distributing DAWDF funds.

We were extremely fortunate to have the cooperation of 21 companies on the 2014 or 2015 lists of *Fortune* magazine’s “100 Best Companies to Work For.” Although we are unable to thank them by name, our interviews with their representatives provided valuable insight into the incentives that the commercial world uses to recruit, retain, and recognize employees. We hope all participants find our summary of this information interesting and useful.

We thank our reviewers, Susan Gates and Bill Shelton, for their insightful and helpful reviews, which greatly assisted in improving the presentation of our research. Any remaining errors are the responsibility of the authors.



## Abbreviations

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ACMA	Army Acquisition Career Management Advocates
AF/A1	Air Force Deputy Chief of Staff for Personnel
AFAEMS	Air Force Automated Education Management System
AFIT	Air Force Institute of Technology
AFLCMC	Air Force Life Cycle Management Center
AFMC	Air Force Materiel Command
AFMC/A1K	Air Force Materiel Command, Manpower, Personnel and Services Directorate, Personnel Support Division
AFMC/EN	Air Force Materiel Command, Engineering and Technical Management
AFMC/A1	Air Force Materiel Command, Manpower, Personnel and Services
AFPC	Air Force Personnel Center
AFSPC	Air Force Space Command
APDP	Acquisition Professional Development Program
ARG	associate resource group
ASA(ALT)	Assistant Secretary of the Army for Acquisition, Logistics and Technology
CAE	Civilian Master Personnel Extract
DACM	Director of Acquisition Career Management
DAU	Defense Acquisition University
DAWDF	Defense Acquisition Workforce Development Fund
DAWIA	Defense Acquisition Workforce Improvement Act
DCPDS	Defense Civilian Personnel Data System
DMDC	Defense Manpower Data Center
DoD	Department of Defense
FY	fiscal year
GAO	Government Accountability Office
GS	general schedule
HAF	Headquarters Air Force
HCI	Human Capital Initiatives
HQE	highly qualified experts
HR	human resources
MAJCOM	Major Command
NACC	Naval Acquisition Career Center

NDAA	National Defense Authorization Act
OPM	U.S. Office of Personnel Management
OSD	Office of the Secretary of Defense
O&M	operation and maintenance
OUSD(AT&L)/HCI	Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, Human Capital Initiatives
OUSD(AT&L)	Office of the Under Secretary of Defense for Acquisition, Technology and Logistics
PAF	RAND Project AIR FORCE
SAF/AQ	Office of the Assistant Secretary of the Air Force for Acquisition
SAF/AQH	Office of the Assistant Secretary of the Air Force for Acquisition, Air Force Acquisition Career Management
SAF/AQHA	Office of the Assistant Secretary of the Air Force for Acquisition, DAWDF Operations Division
SAF/FM	Assistant Secretary of the Air Force (Financial Management)
SHRM	Society for Human Resource Management
U.S.C.	United States Code
USAASC	U.S. Army Acquisition Support Center
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics

## 1. Introduction

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The Department of Defense (DoD) acquisition workforce comprises civilian and military professionals from the Department of the Army, Department of the Navy, Department of the Air Force, defense agencies, and field activities. As of the end of fiscal year (FY) 2014, this workforce included almost 135,000 civilians and close to 16,000 military personnel. The Air Force share of this population is about 25,000 civilians and 9,700 military personnel.<sup>2</sup> This workforce strives “to provide great support to the warfighter and protect the taxpayer through their complex development, acquisition, and sustainment efforts.”<sup>3</sup>

The Defense Acquisition Workforce Development Fund (DAWDF) was established by the FY 2008 National Defense Authorization Act (NDAA), and is meant to provide funds for the recruitment, training, and retention of acquisition personnel of DoD.<sup>4</sup> Since the DAWDF was included in Section 852 of the NDAA, it is often referred to as “Section 852 funding.”

The purpose of the fund is to ensure that the DoD acquisition workforce has the capacity, in both personnel and skills, to

- properly perform its mission
- provide appropriate oversight of contractor performance
- ensure that DoD receives the best value for the expenditure of public resources.<sup>5</sup>

In April 2009, then-Secretary of Defense Robert M. Gates announced a plan to increase the size of the organic Defense acquisition workforce by 20,000 employees in order to help rebuild an acquisition workforce that had been downsized in the 1990s.<sup>6</sup> In addition to 10,000 contract-services positions, this number included almost 10,000 new hires. One of the initial purposes of the DAWDF was to fund these new hires for up to three years, giving the government time to program for them as permanent positions.<sup>7</sup>

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<sup>2</sup> Jill Anderson, “Acquisition Workforce Smartbook: 3 Qtr FY 14,” PowerPoint briefing prepared for SAF/AQH.

<sup>3</sup> Office of the Under Secretary of Defense for Acquisition, Technology and Logistics—Human Capital Initiatives, “HCI Home,” web page, undated.

<sup>4</sup> DAWDF is codified under Title 10 United States Code (U.S.C.) Chapter 87, Section 1705; a paragraph in Section 1705 describes the purpose of providing funds for recruitment, training, and retention. See U.S. Code, Title 10, Department of Defense Acquisition Workforce Development Fund, Subtitle A, Part II, Chapter 87, Subchapter I, Section 1705, last revised November 25, 2015.

<sup>5</sup> These three purposes are from Title 10, Subtitle A, Part II, Chapter 87, Subchapter I, Section 1705, paragraph b. See U.S. Code, last revised November 25, 2015.

<sup>6</sup> Robert M. Gates, “Gates’ Press Briefing on the Defense Budget, April 2009,” April 6, 2009.

<sup>7</sup> U.S. Department of Defense, Office of the Secretary of Defense, *Defense Acquisition Workforce Development Fund (DAWDF): FY 2009 Annual Report to Congress*, section 852 of the National Defense Authorization Act (NDAA) for FY 2008, Public Law No. 110–181, June 2010, p. iii.

The Air Force was directed to hire 1,465 civilians from FY 2009–2015 as part of this effort; it achieved this goal in 2012. With the completion of the surge in hiring, DAWDF continues to be important for the achievement of acquisition workforce strategic objectives for both civilian and military personnel. As noted in FY 2015 budget documents, having already contributed to rebuilding the workforce to perform critical acquisition functions, DAWDF will support other strategic objectives that are designed to achieve greater efficiency and productivity in defense spending.<sup>8</sup>

Given the continued emphasis on acquisition workforce development in DoD and the role that DAWDF can play, the Office of the Assistant Secretary of the Air Force for Acquisition, Air Force Acquisition Career Management (SAF/AQH), the focal point for Air Force DAWDF matters, asked RAND Project AIR FORCE (PAF) to help explore ways to evaluate strategies for investing in recruiting, hiring, training, developing, retaining, and recognizing the acquisition workforce and better define and improve processes for allocating DAWDF funds.

## Research Approach

The overall goal of this project is to help the Air Force get, in the words of our sponsor, “the most bang for the buck” from funding DAWDF initiatives. This research addressed three major questions:

1. What processes does the Air Force use to select and manage DAWDF initiatives, and can these processes be improved?
2. How does the Air Force monitor the performance of DAWDF initiatives to ensure that DAWDF money is well spent?
3. Can approaches used by commercial firms for recruiting, developing, and retaining their workforces give the Air Force insight into ways to make better use of the DAWDF?

To learn more about existing DAWDF processes, we examined legislation, DoD instructions, and numerous DAWDF-related websites. Interviews with DAWDF program managers from the Air Force, Army, and Navy provided more information on current practices and suggestions for improvement. Interviews with DAWDF managers below the Headquarters Air Force (HAF) level and with users of DAWDF funds provided insight into the advantages and disadvantages of existing personnel management practices and where DAWDF provides additional resources and flexibility not generally available to personnel offices.

By examining proposals for DAWDF initiatives and data currently collected by the DAWDF program office, we developed an understanding of the current approach to monitoring the impact of funded initiatives.

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<sup>8</sup> U.S. Department of Defense, *Fiscal Year 2015 Budget Estimates, Department of Defense Acquisition Workforce Development Fund (DAWDF)*, March 2014.

To learn about the recruiting, hiring, and retention practices of nongovernment organizations that have good reputations as places to work, we interviewed 21 organizations from Fortune's 2014 and 2015 lists of the "100 Best Companies to Work For."<sup>9</sup> Insights gained from our analysis of processes, data and metrics, and commercial practices suggested a framework for determining which DAWDF proposals should be funded.

## Outline of This Report

The remainder of this report describes the findings and recommendations from the integration of our many information sources. Chapter Two provides an overview of DAWDF, organizations involved in its management, and the categories of initiatives that it can pay for. Chapter Three focuses on DAWDF processes—in particular the management phases of the program. It describes what *should* happen in each phase, what we learned about what is *actually happening* in each phase, and recommendations for improving management and processes for the phase. Chapter Four describes current data and metric limitations and provides a discussion of the types of metrics that SAF/AQH should require as part of DAWDF proposals in order to ensure that their impact can be monitored. It also includes an example, using existing data sources, of how better metrics could be developed. Chapter Five provides insights about incentive programs used in the private sector. Chapter Six describes a framework to help determine what DAWDF proposals should be funded, and the final chapter summarizes our conclusions and recommendations.

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<sup>9</sup> See Fortune, "Best Companies 2014," 2014, and Fortune, "100 Best Companies to Work for 2015," 2015. We agreed not to reveal the names of the companies that were interviewed.



## 2. Overview of the Defense Acquisition Workforce Development Fund

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DAWDF was created by Congress to provide a source of funding that could be used by DoD to recruit, train, and retain acquisition personnel. DAWDF is a tool that allows acquisition leadership to jump start initiatives for workforce improvement before they receive permanent funding through the planning, programming, budgeting, and execution process. Each service is responsible for determining its needs, creating DAWDF initiatives to close human capital gaps, and assessing an initiative's success. Initiatives can be shaped to meet a short-term need, a long-term strategic objective, or address a systemic issue relating to the three purposes listed above. Within the Air Force, the program requires the cooperation of leaders in both the acquisition community and the civilian personnel and manpower support institutions that serve the acquisition mission.

This chapter describes the sources of DAWDF funding, how the DAWDF program is managed, and the categories of initiatives that can be paid for by the fund.

### DAWDF Funding

#### *Source of Funds*

DAWDF funds come from a combination of direct appropriations and funds provided by military departments and defense agencies. Credits to a given organization are based on its “applicable percentage” of DoD contracts for operation and maintenance expenditures and are available for the year they are deposited and for two succeeding fiscal years.<sup>10</sup>

The process for determining the “applicable percentage” is complicated, but the Office of the Secretary of Defense (OSD) Comptroller “calculates each component’s share of the DAWDF credit based on the component’s total operation and maintenance service contract obligations from the prior year, offset by the amount, if any, that Congress has appropriated for the fund.”<sup>11</sup>

Figure 2.1 shows how various fund sources interacted to pay for FY 2015 DAWDF programs: Some funding carried over from “taxes” paid in FYs 2013 and 2014, some came from

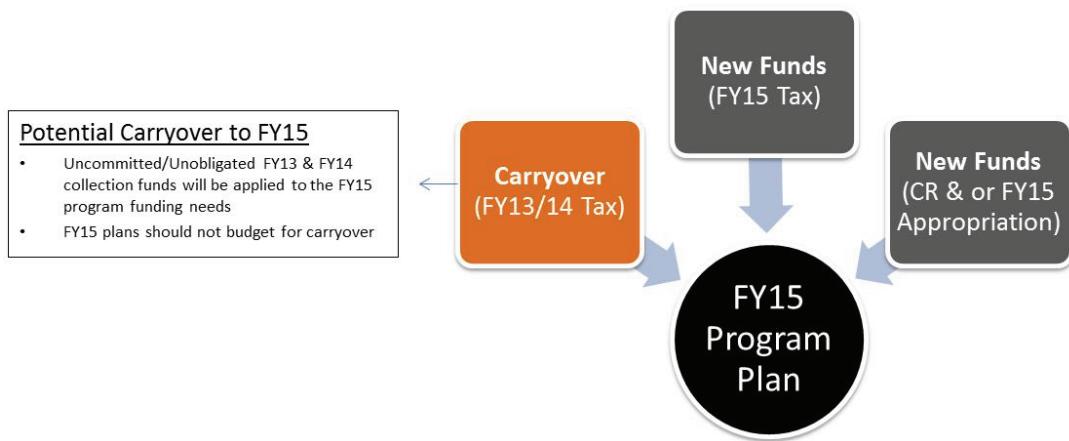
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<sup>10</sup> U.S. Department of Defense, Office of the Secretary of Defense, *Defense Acquisition Workforce Development Fund (DAWDF): FY 2013 Annual Report to Congress*, 10 U.S.C. 1705(f), April 2014, p. 2.

<sup>11</sup> This is described in U.S. Government Accountability Office, *Defense Acquisition Workforce: Improved Processes, Guidance, and Planning Needed to Enhance Use of Workforce Funds*, GAO-12-747R, June 20, 2012, p. 7.

new FY 2015 taxes, and some came from a continuing congressional resolution for FY 2015 appropriations.

**Figure 2.1. DAWDF Funding Sources in FY 2015**



SOURCE: Office of the Secretary of Defense, "Defense Acquisition Workforce FY15 Improvement Program: DAWDF Proposal Process," PowerPoint briefing, February 3, 2014.

As amended by the FY 2012 NDAA, DAWDF legislation

permits the Secretary of Defense to reduce the specified funding level for a fiscal year if the Secretary determines that it is greater than is reasonably needed for that fiscal year. However, the amount may not be reduced below 80 percent of the amount specified for that fiscal year.

Table 2.1 shows the mandated DAWDF funding amounts through 2018; DAWDF *appropriations* have been about \$50 million each year since FY 2010.<sup>12</sup>

**Table 2.1. Mandated and Minimum DAWDF Funding Amounts Through 2018**

FY	Mandated Funding Amount (\$ M)	Minimum Allowable (80% of Mandated Amount)
2013	500	400
2014	800	640
2015	700	560
2016	600	480
2017	500	400
2018	400	320

SOURCE: U.S. Code, 2015.

<sup>12</sup> Scott Harwood, SAF/AQH, "Defense Acquisition Development Fund (DAWDF) Overview," PowerPoint briefing, August 5, 2014.

### *Fund Availability and Restrictions*

The DAWDF can be used to pay for initiatives in advance of more permanent programmed funding brought in through the planning, programming, budgeting, and execution process. It should not be considered a long-term substitute for other sources of funding, but may be used to accelerate acquisition workforce initiatives that organizations are programming for in the Future Years Defense Program. Unless the requirement is for a short-term (one to two year) initiative, proposals must document planned sustainment funding sources after DAWDF money has been used to get the initiative started.

There are several important statutory restrictions on DAWDF funding:<sup>13</sup>

1. The funds may be used to recruit, train, and retain only acquisition personnel in Acquisition Professional Development Program (APDP)-coded positions.
2. Funds may be provided to contractors only for the purpose of providing training to DoD employees.
3. DAWDF funds may not be used for the base salary of someone who has been in the DoD acquisition workforce since January 28, 2008, unless that person has had a break in such employment of more than one year.

In addition to statutory restrictions, the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (OUSD [AT&L]) has imposed other restrictions on how DAWDF funds can be used, including limitations on how long certain positions can be funded. The Air Force has its own restrictions, such as instructions that funding cannot be redirected without approval from the DAWDF program manager.

## **DAWDF Management**

### *OSD-Level Management for DAWDF*

Overall management of DAWDF is described in a DAWDF charter that is part of an August 2008 memo from the Deputy Under Secretary of Defense for AT&L.<sup>14</sup> The Under Secretary of Defense for AT&L is responsible for DAWDF management and implementation. However, legislation allows the under secretary to appoint an official fund manager to assume this responsibility. The fund manager is “responsible for conducting periodic reviews of execution plans and associated funding amounts with component staff, and for ensuring accountability and

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<sup>13</sup> The statutory, AT&L, and Air Force restrictions are outlined in Office of the Assistant Secretary of the Air Force for Acquisition, Air Force Acquisition Career Management, *Defense Acquisition Workforce Development Fund, FY08 NDAA Section 852 (10 USCS § 1705), DAWDF Initiative Development Guidance*, September 17, 2014b.

<sup>14</sup> James I. Finley, Deputy Under Secretary of Defense (Acquisition and Technology), “Defense Acquisition Workforce Development Fund FY08 Execution Plan,” memorandum to the Defense Acquisition Workforce Development Fund Working Group, August 29, 2008.

tracking of fund expenditures.”<sup>15</sup> The Defense Acquisition University (DAU) (reporting to the Assistant Secretary of Defense, Acquisition) was the original organization to receive DAWDF management responsibilities. However, in 2011, the USD(AT&L) transferred the responsibility to the Director of Human Capital Initiatives (HCI) (a direct report to the USD[AT&L]), who then became the official fund manager, and now the Deputy Director of HCI is in charge of executing the day-to-day fund management responsibilities.<sup>16</sup>

DAWDF administration and implementation also involves other positions and organizations within DoD. Specifically, the charter directs that the OUSD (Comptroller) is responsible for collecting transfer funds from the components and crediting such funds into DAWDF. Additionally, there are two boards that oversee DAWDF operations: the Senior Steering Board, which provides strategic oversight, and the Workforce Management Group, which oversees the fund’s operations and management. Table 2.2 summarizes the membership and responsibilities of these boards.

**Table 2.2. DoD DAWDF Management**

Board	Members	Board Responsibilities
Senior Steering Board	<ul style="list-style-type: none"> <li>Chaired by the Deputy USD(AT&amp;L)</li> <li>Deputy Chair is the Director of HCI</li> <li>Members include the senior leaders for acquisition at DoD components, the Comptroller, and the fund manager for DAWDF</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for governance and oversight of DAWDF</li> <li>Alignment of DAWDF with DoD’s Civilian Human Capital Strategic Plan and HCI</li> <li>Fund allocation to components for execution of approved initiatives, focused on recommendations of the Workforce Management Group</li> </ul>
Workforce Management Group	<ul style="list-style-type: none"> <li>Chaired by the Director of HCI</li> <li>Members include the principal representatives of the Senior Steering Board</li> <li>The Comptroller and Under Secretary of Defense (Personnel and Readiness) are invited to attend</li> </ul>	<ul style="list-style-type: none"> <li>Advise the Senior Steering Board regarding management and use of DAWDF, including alignment with strategic objective, guidance, component funding levels, changes to initiatives and out-of-cycle requirements</li> <li>Oversee DAWDF initiatives execution plans and ensure they support statutory intent and strategic objectives</li> <li>Assist DoD leadership and components with annual update to Congress on the acquisition workforce</li> </ul>

SOURCE: GAO, 2012, p. 4, based on the FY 2008 execution memorandum.

<sup>15</sup> GAO, 2012, p. 4

<sup>16</sup> GAO, 2012, p. 4

### *Service Headquarters-Level Management for DAWDF*

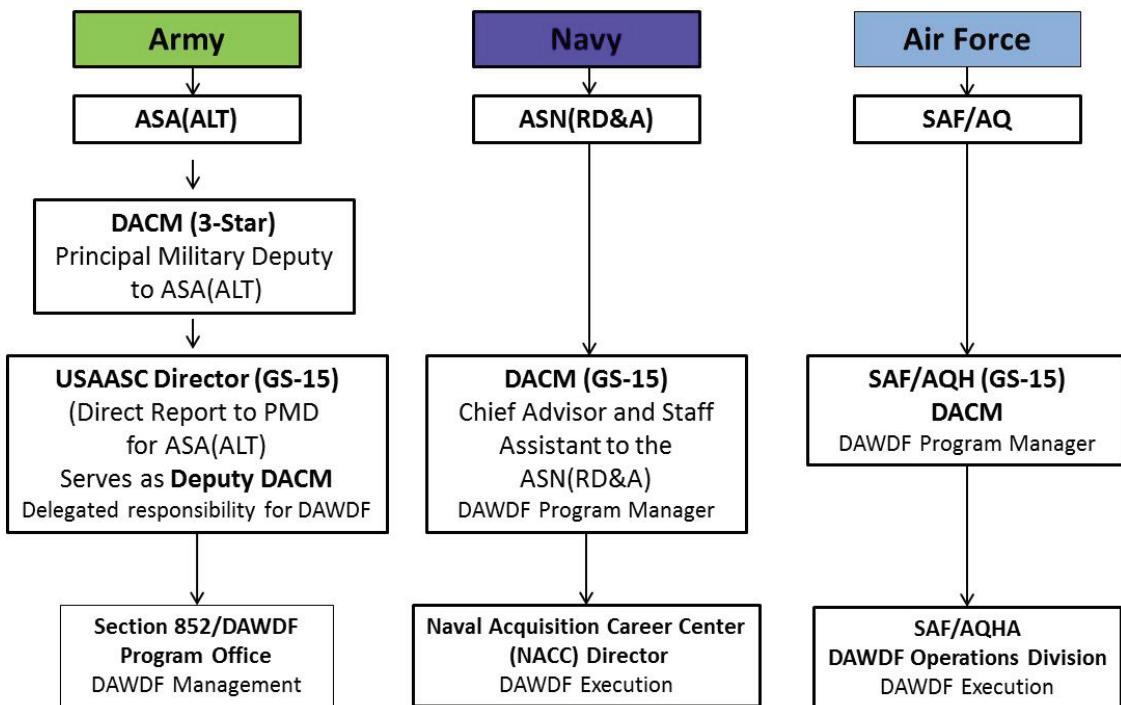
According to the DAWDF charter, the service Directors of Acquisition Career Management (DACMs) are the military department and defense agency “focal points” for DAWDF matters. The *development* purpose of the DAWDF complements the *management* responsibilities of the DACM. Figure 2.2 shows how these positions fit into the service acquisition chains of command. The Army DACM is a three-star general, but has delegated primary management of the program to the deputy DACM, who, like the Air Force and Navy DACMs, has the civilian grade of GS-15.<sup>17</sup> All three services have established offices for the day-to-day management and/or execution of the DAWDF program; in the case of the Air Force, this is the APDP and DAWDF Operations Division (SAF/AQHA).

The Air Force also has a DAWDF resource manager, paid for with DAWDF funds, located in the SAF/AQH Acquisition Training Office at Randolph Air Force Base in Texas. Funds are transferred from the OSD comptroller to SAF/AQH and are then issued to the organizations that will use the funds. The DAWDF program manager requires DAWDF fund users to provide spending plans for their initiatives and shares these plans with the resource manager. Close coordination is required between the program manager and the resource manager to ensure that funds are distributed at appropriate times and that unspent DAWDF funds are not in danger of expiring. In March 2015, responsibility for the management of funds related to replenishment hiring was transferred to the Air Force Personnel Center (AFPC). DAWDF pays for ten personnel there to determine how and whom to hire using DAWDF funds and to create career development plans for them. AFPC will be responsible for reporting hiring metrics to SAF/AQH.

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<sup>17</sup> GS stands for “general schedule” in the civil service pay scale. A GS-15 is the civilian equivalent of an Air Force or Army colonel.

**Figure 2.2. Chains of Command for DAWDF Management**



SOURCES: U.S. Army, "Office of the Director," website, undated; U.S. Navy, Assistant Secretary of the Navy, Research, Development & Acquisition, "Meet DACM," website, undated; U.S. Air Force, Secretary of the Air Force, Acquisition, "Air Force Acquisition Mission Briefing," August 2013.

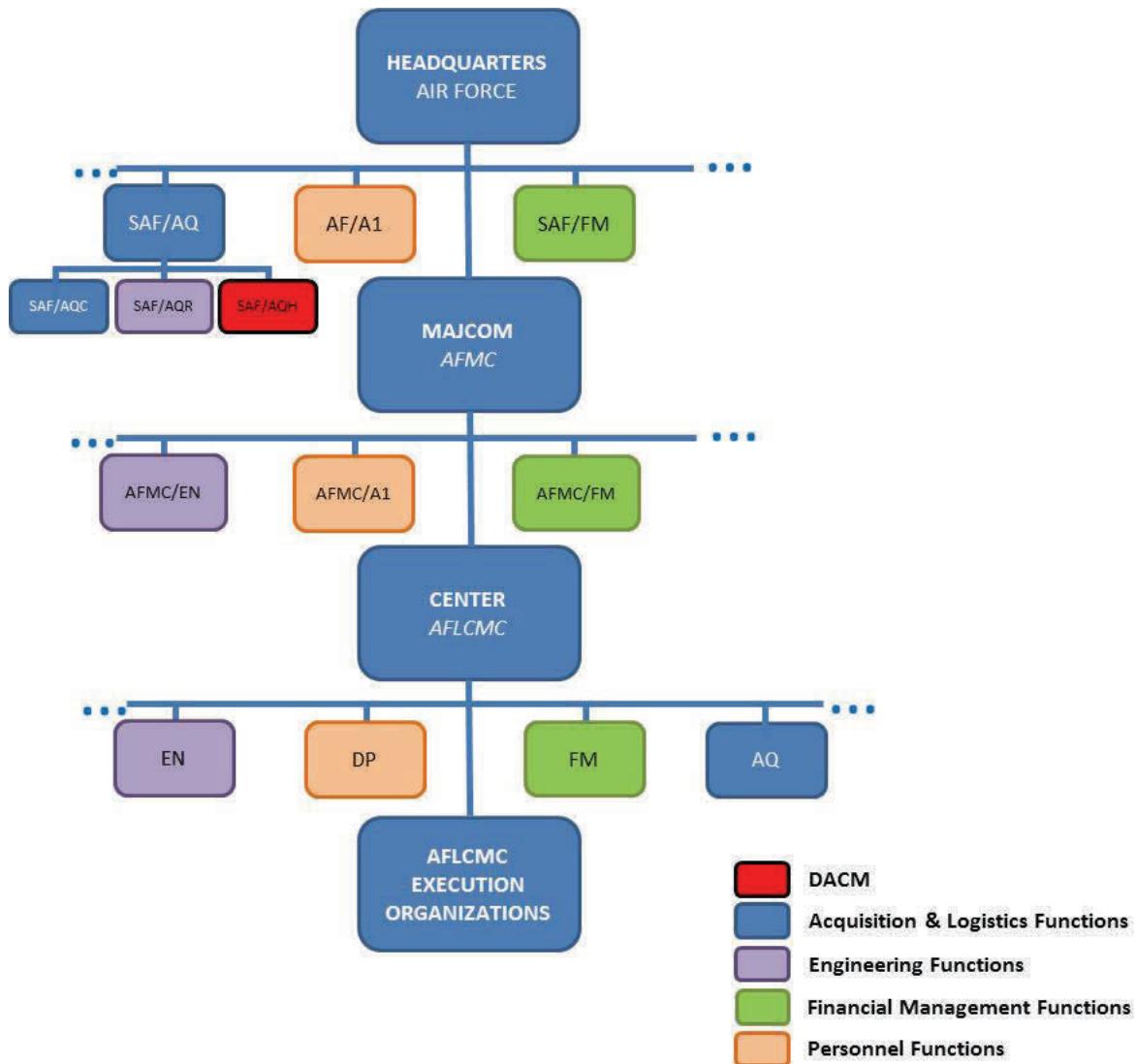
NOTES: ASA(ALT) = Assistant Secretary of the Army for Acquisition, Logistics and Technology; USAASC = U.S. Army Acquisition Support Center; ASN(RD&A) = Assistant Secretary of the Navy for Research, Development and Acquisition; PMD = principal military deputy.

For the Air Force DACM, DAWDF is a challenge because of the many organizations involved in the development of the acquisition workforce. Figure 2.3 is a simplified depiction of the Air Force's acquisition organizational structure, focusing on one major command (MAJCOM)—the Air Force Materiel Command (AFMC). Only details of the organization relevant to this discussion are included here; the organizational structures are, in fact, much more complicated.

HAF is responsible for organizing, training, and equipping the Air Force and does so through subordinate staff offices such as the Office of the Assistant Secretary of the Air Force for Acquisition (SAF/AQ), which is responsible for acquisition activities; Air Force Deputy Chief of Staff for Personnel (AF/A1), responsible for personnel functions (among other functions); and, for example, the Assistant Secretary of the Air Force (Financial Management) (SAF/FM), responsible for financial management. In addition to their functional responsibilities, the leaders of these staff offices also have responsibilities as the most senior functional professional. For example, in addition to leading an Air Staff organization that develops and executes Air Force budgets, the SAF/FM also is the financial-management functional authority, which means that it provides strategic oversight for the professional development of all financial-management

personnel (officers, enlisted, and civilian).<sup>18</sup> At the headquarters level, then, there are multiple offices with potentially diverse perspectives on the development of the acquisition workforce—AF/A1 from the perspective of human capital policies and processes and the various functional areas.

**Figure 2.3. Notional Air Force Acquisition Organizational Structure**



AFMC, under “MAJCOM” in Figure 2.3, conducts research, development, test and evaluation, and provides acquisition-management services and logistics support for Air Force

<sup>18</sup> See U.S. Air Force, Secretary of the Air Force, *Executing Total Force Development*, Air Force Instruction 36-2640, December 16, 2008.

weapon systems.<sup>19</sup> Like other MAJCOMs, it has staff offices responsible for supporting the mission of the command, such as Engineering and Technical Management (AFMC/EN), Financial Management (AFMC/FM), Manpower, Personnel and Services (AFMC/A1), and others. These MAJCOM staff offices have responsibilities that support the mission of the command and, similar to the headquarters, are also responsible for developing the people in their functional area who will contribute to the MAJCOM mission. For example, the AFMC/EN supports engineering efforts across AFMC for acquisition and logistics as well as ensuring there are qualified engineers developed with the competencies and specialties needed within the command. In addition to advising the commander on the functional expertise needed to satisfy Air Force missions, functional area managers are concerned with maintaining sufficient numbers of skilled personnel in their functional area. While AFMC/A1 has similar interests, it tends to focus on the staffing tasks associated with manpower and personnel processes rather than requirements for specific competencies and skills.

At the next organizational level, the Air Force Life Cycle Management Center (AFLCMC, under “Center” in Figure 2.3) is one of five centers reporting to AFMC and is charged with life-cycle management of Air Force weapon systems from inception to retirement. AFLCMC, similar to the Air Force and MAJCOM headquarters, has staff offices that help provide substantive professional expertise for accomplishing the Center’s mission, but who are also responsible for the development of individuals in the acquisition workforce executing the acquisition mission. Each Center also has a personnel office (with office symbol DP in Figure 2.3) responsible for personnel functions.

Thus, as Figure 2.3 depicts, at multiple levels there are *personnel* representatives and various *functional* representatives (such as engineering and financial management) with responsibility for the development of acquisition professionals. Personnel representatives are responsible for the overall human-resources aspects of the acquisition workforce; functional representatives are responsible for obtaining and developing people with the right skills to support the acquisition mission.

The Air Force DACM, at the HAF level under SAF/AQ, must deal with all of these representatives for effective management of the DAWDF. For example, if SAF/AQ determined that a strategic goal for the acquisition workforce was to use DAWDF to increase hiring of a certain type of engineer, the DACM would need to ensure that personnel *and* engineering functional representatives at all organizational levels are informed and engaged. At the same time, in order to be responsive to real acquisition needs, the DACM wants to enable individuals at all levels—including the “execution” level (a local base or installation)—to submit

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<sup>19</sup> The Space and Missile Systems Center, under Air Force Space Command, is responsible for the acquisition of space and missile systems.

suggestions for developing the acquisition workforce in a way that will reach the AFHQ level and have a chance for approval.

## DAWDF Initiative Categories

OSD groups DAWDF initiatives into three major categories: train and develop, retain and recognize, and recruit and hire.<sup>20</sup> As of FY 2015, these categories have been further segmented into 11 specific line items under these categories. As an example of how DAWDF funds are used, Table 2.3 shows, by line item, how the Air Force expected to distribute its DAWDF funding from FY 2015 through FY 2017.<sup>21</sup> As seen in the last row of the table, the Air Force expects to increase the amount of DAWDF funding it uses for hiring personnel (including “highly qualified experts,” or HQEs) in the near future.

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<sup>20</sup> The major categories are shown in U.S. Department of Defense, *Appendix I: DOD Civilian Strategic Human Capital Plan Update, The Defense Acquisition Workforce*, April 2010, footnote 5. Seven of the line items (1, 5, 6, 7, 8, 10, and 11) are listed in DoD, Office of the Secretary of Defense, 2010b. Department of the Navy, *Defense Acquisition Workforce Development Fund (Section 852) Implementation Guidance*, memorandum from the Office of the Assistant Secretary for Research, Development, and Acquisition, October 21, 2010. Line items 2, 3, 4, and 9 were apparently added later. All 11 line items are in Air Force documentation (see Harwood, 2014).

<sup>21</sup> Appendix A lists key programs that were funded under each line item in FY 2015. It also provides detailed descriptions of analogous Army programs.

**Table 2.3. Air Force DAWDF Spending FY 2015–2017 (\$ M)**

	Line Item Number and Name	FY 2015	FY 2016	FY 2017
Training	1 – Training	12.1	15.4	14.7
	2 – DAU Student Information System	0	0	0
	3 – Competency management and assessments <sup>a</sup>	0.7	0.03	0
	4 – Office of Personnel Management studies	0	0	0
Retaining	5 – Tuition assistance, retention and recognition incentives	9.6	9.2	9.3
	6 – Advanced academic degrees and career broadening	1.5	1.5	1.6
Recruiting	7 – Recent graduate growth hiring/DAWDF program manager	7.1	1.5	0.3
	8 – Recruiting incentives	5.7	5.7	5.7
	9 – Outreach	1.7	1.7	1.8
	10 – Journeyman growth hiring	0.6	0	0
	11 – Other hiring (HQE, replenishment)	4.4	19.4	33.1
FY TOTAL		43.8	54.6	66.6

SOURCE: Robert Hughes, “AF DAWDF FY15 Review, FY16 Kick-Off,” PowerPoint briefing, March 12, 2015.

NOTE: <sup>a</sup> Defense Acquisition University and the service DACMs identified the need for an integrated commercial-off-the-shelf Student Information System. The system aims to integrate people, processes, technology, and strategies to “provide a holistic, self-service, and collaborative environment” making it easier for DAU students to manage their acquisition training and career paths, and enabling DACMs and DAU to achieve DAWIA objectives. See Defense Acquisition University, “Student Information System,” undated.

With this overview of DAWDF complete, we can turn to the Air Force phases of management for the fund.

### 3. DAWDF Management Phases

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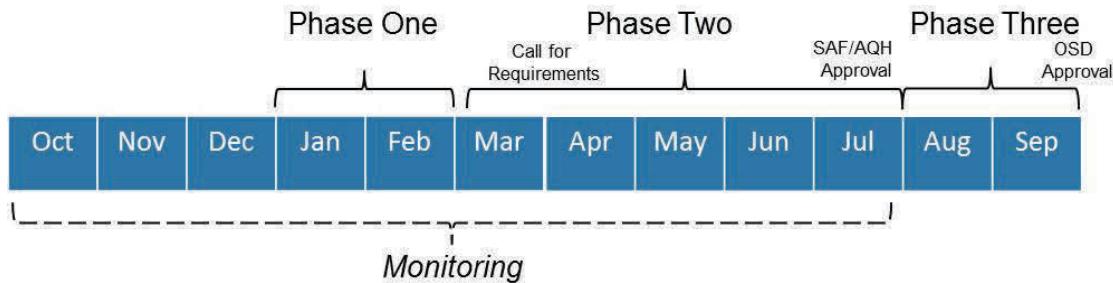
The current process for managing the DAWDF within the Air Force requires the identification of goals for the acquisition workforce, the solicitation and approval of initiatives that will address those goals, the execution of DAWDF funds, and the evaluation of the performance of approved initiatives. In this chapter, we discuss how the Air Force conducts this process, compare the approaches of the Army and Navy, and identify areas in which Air Force practices could be improved.

Tasks associated with the process overlap, but for convenience, we have divided it into three phases:

- *Phase One: Developing and communicating a strategy.* This phase involves determining OSD and Air Force goals for the acquisition workforce and deciding how to best express those goals to potential requesters of DAWDF funds.
- *Phase Two: Developing the call for requirements and collecting requests.* This phase begins with developing the annual call for DAWDF proposals and involves interactions with potential requesters to assist them with writing their requests and ensuring that proposals include useful metrics.
- *Phase Three: Approving initiatives and monitoring execution.* This phase includes the process of approving proposals and the monthly tracking of data—data not only related to program execution, but also data related to progress toward achieving stated program goals. Monitoring is a year-round effort, since the measurable success or failure of an existing program will determine whether funding will be continued and can also be used to gauge the wisdom of funding similar proposals.

Figure 3.1 illustrates how these phases are executed over a FY, from October to September. While the timing varies somewhat from year to year, Phase One, during which requirements and goals are developed and the strategy is communicated, occurs in January and February. The call for DAWDF requirements is generally issued near April. Proposals are due to SAF/AQH sometime in June, Air Force-selected initiatives are due to the OSD HCI office in July, and programs are approved in late September. Monitoring is a year-round responsibility, but Figure 3.1 emphasizes its importance from the time of approval at the beginning of the FY until the next round of proposals is approved by SAF/AQH the following July and submitted to OSD HCI. The process is intended to allow sufficient time for initiatives to rise from local levels and relies on acquisition functional and personnel leadership to accomplish this objective.

**Figure 3.1. DAWDF Process Timeline**



## Phase One: Developing and Communicating a Strategy

Ideally, the first phase of this annual process would occur in the first two months of the calendar year, beginning with a review of the existing strategic guidance available for the acquisition workforce and culminating with the call for requests for DAWDF initiatives.

### *Sources of Strategic Input*

DAWDF funds are to be used to help recruit and hire; train and develop; and retain and recognize acquisition personnel. Justification for DAWDF funding stresses the strategic importance of the fund to:<sup>22</sup>

- Support the intent of the Defense Acquisition Workforce Improvement Act (DAWIA).<sup>23</sup>
- Help fulfill planning requirements that are described in strategic workforce plans.<sup>24</sup>
- Enable accomplishment of qualification and career path requirements.<sup>25</sup>
- Support strategic objectives to achieve greater efficiency and productivity in defense spending.
- Enable the acquisition workforce to help modernize and reset the U.S. military force, improve acquisition outcomes, and ensure technological superiority for the future.

DAWDF funding can be used to “jump-start” initiatives in advance of permanent programmed funding brought in through the Program Objective Memorandum process, and as such provides an opportunity for individual organizations to seek funds for innovative programs

<sup>22</sup> Items in the bulleted list are from DoD, 2014.

<sup>23</sup> DAWIA became law in 1990 and is now found under Title 10, U.S.C. Chapter 87. DAWIA was a response to growing concerns of fraud, scandal, waste, and overall inefficiencies within the defense acquisition community in the 1980s. It required DoD to establish education and training standards, requirements, and courses for the military and civilian workforce.

<sup>24</sup> 10 U.S.C. 115b requires that, in every even-numbered year, DoD must develop a strategic workforce plan to shape and improve the civilian employee workforce.

<sup>25</sup> 10 U.S.C. 1723 requires the Secretary of Defense to establish education, training, and experience requirements for each acquisition position, based on the level of complexity of duties carried out in the position.

at the local level to address problems that may be difficult to discern at higher levels.<sup>26</sup> Thus, as the DAWDF program manager prepares to release the annual call for requirements, there can be some tension between the need to provide top-down guidance to implement DoD-wide strategic guidance and the need to be open to bottom-up initiatives that address emerging but potentially strategic problems.

#### Top-Down Guidance: Context for the Acquisition Community

As of April 2015, the primary source of strategic input for the acquisition workforce is the April 2010 *Defense Acquisition Workforce Improvement Strategy*.<sup>27</sup> This document includes sections on the defense acquisition workforce strategy, analytics, and initiatives, with appendices devoted to each military branch. Additional DoD-level acquisition workforce guidance can be found at the OUSD/AT&L website, which contains information about acquisition policies, such as the Better Buying Power initiative.<sup>28</sup> DoD guidance contained in these two sources can be used to help shape how the individual services structure their annual invitations for DAWDF initiatives.<sup>29</sup>

While the funds should be aimed at advancing strategic DoD goals, each service has their own strategic goals for the acquisition workforce. These can originate from the service secretaries for acquisition and from their designated representatives for acquisition career-field management. For example, in the Air Force, this is accomplished by SAF/AQ and SAF/AQH, respectively, and in February 2009, SAF/AQ published the *United States Air Force Acquisition Human Capital Strategic Plan*.<sup>30</sup>

Top-down guidance for the acquisition workforce also can come from organizations and offices responsible for the functions within the acquisition workforce, such as program

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<sup>26</sup> The “jump start” language was used by SAF/AQH in the FY 2015 call for DAWDF proposals.

<sup>27</sup> The full title of this document is *Appendix I of the DOD Strategic Human Capital Plan Update: The Defense Acquisition Workforce: The Defense Acquisition Workforce Improvement Strategy*. See DoD, 2010.

<sup>28</sup> “Better Buying Power” was introduced by Frank Kendall, USD/AT&L, in 2010. It identified 36 initiatives grouped under seven focus areas to restore affordability in defense procurement and improve defense industry productivity. Better Buying Power was modified in 2014 to have eight focus areas: (1) Achieve Affordable Programs, (2) Achieve Dominant Capabilities While Controlling Lifecycle Costs, (3) Incentivize Productivity in Industry and Government, (4) Incentivize Innovation in Industry and Government, (5) Eliminate Unproductive Processes and Bureaucracy, (6) Promote Effective Competition, (7) Improve Tradecraft in Acquisition of Services, (8) Improve the Professionalism of the Total Acquisition Workforce. See Frank Kendall, “Better Buying Power 2.0: Continuing the Pursuit for Greater Efficiency and Productivity in Defense Spending,” memorandum for defense acquisition workforce, Washington, D.C.: Under Secretary of Defense for Acquisition, Technology, and Logistics, U.S. Department of Defense, November 13, 2012b.

<sup>29</sup> In December 2015, OUSD(AT&L)/HCI stated that a draft Defense Acquisition Workforce Strategic Plan for fiscal years 2016 through 2021 would be ready by 2016. See Jordana Mishory, “DoD Aims to Finalize Workforce Strategic Plan by Early 2016,” *Inside Defense*, December 17, 2015 (requires subscription).

<sup>30</sup> U.S. Air Force, Office of the Assistant Secretary of the Air Force for Acquisition (SAF/AQ), *United States Air Force Acquisition Human Capital Strategic Plan*, February 2009.

management, financial management, and contracting. Strategic guidance also can come from the civilian personnel system, usually expressed as civilian force-wide hiring and retention goals. Clearly, regular interaction with senior Air Force and DoD acquisition leadership will make evident strategic themes that might be addressed by DAWDF-funded programs. The DACM's strategic vantage point can inform the call for initiatives and later help prioritize the DAWDF initiatives.

#### **Bottom-Up Inputs: Ensuring that Initiatives Address Gaps and Facilitate Innovation**

Regular discussions with functional, MAJCOM, and acquisition organization representatives can help reveal potential acquisition workforce problem areas that might require strategic, long-term solutions. Awareness of these problem areas is an important responsibility of not only the DAWDF program manager but of the DACM more broadly, and these interactions should continue after the annual call for requirements is made. For example, as suggestions for DAWDF initiatives are received, it may become clear that different career fields, different skill sets, or different locations are encountering similar workforce problems that indicate the need for long-term, Air Force-wide approaches and not simply local solutions.

#### ***What Our Research Showed About Phase One***

##### **Air Force Practices, Phase One**

###### ***Top-Down Acquisition Workforce Strategy***

In our discussions with participants in the DAWDF process in the Air Force, we did not discern a deliberate attempt to summarize existing strategic guidance and then link that guidance to particular focus areas for funding initiatives. While we did review the 2009 Air Force Acquisition Human Capital Strategic Plan and several MAJCOM and acquisition center strategic plans, it is not clear which specific documents tie DoD acquisition strategic goals (such as Better Buying Power) to Air Force acquisition strategic goals. Rather, the DACM and his or her staff rely on their knowledge of the current Air Force acquisition environment, senior acquisition leader's priorities, and information from acquisition workforce—using organizations to judge the overall strategic objectives for the workforce.

Likewise, AFMC and the Space and Missile Systems Center, as the biggest users of DAWDF, have their own strategic goals and vision that they use to identify gaps. AFHQ functional managers are allowed to identify Air Force-wide DAWDF initiatives and are incorporating strategic guidelines and objectives for their functional area. For example, the functional manager for engineers may recognize a demographic gap in the number of women in the workforce and focus on recruiting diversity, or the functional manager for financial management may want to ensure cost analysts are trained and experienced for costing the acquisition of new technologies in cyber.

When we initially reviewed the process for gathering DAWDF initiatives from acquisition organizations and functions, we observed that MAJCOM and center functionals had little knowledge of the DAWDF process, and they were not reviewing annual submissions being made through personnel channels. This clearly hindered attempts to address acquisition workforce development issues from a strategic perspective, since initiatives from the lowest organizational levels were being forwarded to SAF/AQH with little opportunity for consolidation, refocusing, or refinement across the acquisition community. In addition, justification for these initiatives came from the local viewpoint and therefore did not fully reflect the strategic importance of the initiative for the function or MAJCOM as a whole.

During the course of our research in FY 2015, we observed an increase in the emphasis placed on senior leader input. For example, SAF/AQH communications to acquisition career field functional managers for FY 2016 called for senior functional manager and MAJCOM leadership involvement. Headquarters AFMC staff reported to us that their executive director is taking an increasing and more visible role in developing DAWDF initiatives through the MAJCOM's Civilian Workforce Management Executive Council to ensure command priorities are considered.

#### *Bottom-Up Acquisition Workforce Initiatives*

While senior leader involvement is key in the first phase, SAF/AQH recognizes that it is also important to hear ideas from program managers, functional managers, supervisors, hiring authorities, and even acquisition workforce individuals to both foster innovative initiatives and to ensure that DAWDF initiatives are addressing specific gaps in organizations performing the acquisition mission. We found, however, during discussions across the Air Force acquisition hierarchy that distribution of the information associated with the call for requirements was inconsistent—some received the call-for-requirements memo, while others were asked to submit their needs for specific initiatives without being told that this was an “open call” for new or existing programs.

SAF/AQH, MAJCOMs, and functionals we interviewed reported seeing little advertising or publicity of the purpose and processes for DAWDF throughout the acquisition community.<sup>31</sup> In addition, neither Air Force documents nor the call for requirements have described criteria for approval of proposals or the process used to approve proposals. These may prevent effective initiatives from surfacing during the annual call for requirements.

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<sup>31</sup> Some functional area managers at the MAJCOMs and centers noted that they had attended a meeting where DAWDF was discussed, but the information was not integrated into how they interacted with the A1 community on personnel issues. For instance, many did not or only recently realized that a call for initiatives went out each year and that they could respond with ideas to solve gaps or challenges within their area.

### Navy Practices, Phase One

Interviews with the Naval Acquisition Career Center (NACC) showed that Navy practices in this phase are similar to those of the Air Force. In particular, there is no formal direction to link DAWDF proposals to specific strategic objectives.

### Army Practices, Phase One

Army commands and organizations designate Army Acquisition Career Management Advocates (ACMAs) at the GS-15 level or higher who “play a key role in shaping and implementing the strategic vision of the Army acquisition community.”<sup>32</sup> Additionally, every Army command has a designated DAWDF representative, usually located in the G-1 (personnel) office of the organization.

The Army consolidates the management and execution of some DAWDF initiatives, which allows them to more directly address strategic goals. For example, their student loan–repayment program is centrally managed by the DAWDF program office, ensuring loan repayment is funded for those individuals with skills required by the Army at locations where the program is necessary to obtain qualified hires. The Army has also centralized the use of DAWDF for developmental assignments.

### *Process Recommendations for Phase One*

The FY 2015 Air Force call for requirements said: “We are looking for functional training, career development, retention and recognition requirements tied to strategic objectives.”<sup>33</sup> The PowerPoint request templates that accompanied the call for requirements also noted the importance of linking proposals to strategic objectives, but *nothing was said about the priority of objectives*. In the call for requirements, SAF/AQH should provide guidance about DoD and Air Force–level acquisition workforce priorities and note that initiatives that address these priorities may have a better chance of approval. SAF/AQH must ensure that existing programs address strategic objectives or priorities or explain why they should be funded for other reasons.

Available strategic and operational goals should be linked to the initiatives that are funded by DAWDF both for goals within functional areas and, more broadly, human capital goals for all acquisition personnel. This includes competencies for functions developed at DoD level, enterprise strategic plans developed at the Air Staff level, MAJCOM education and training plans, and career field education and training plans. Consideration should also be given to

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<sup>32</sup> Department of the Army, “Department of the Army Details and Procedures for Nominating and Designating Command/Organization Acquisition Career Management Advocates (ACMAs),” memorandum signed by the Army’s Deputy Director for Acquisition Career Management, January 6, 2014b.

<sup>33</sup> From Dave Slade, leadership, SAF/AQH, “FY15 Call for Defense Acquisition Workforce Development Fund (DAWDF) Spending Requests,” memorandum sent by SAF/AQH, 2014. (Copy provided to author.)

“futures” documents, such as the chief scientist of the Air Force’s *Technology Horizons* for new and emerging skill sets and competency requirements.

## Phase Two: Developing the Call for Requirements and Collecting Requests

DAWDF proposals are generally due to OSD in July, so the call for requirements, consideration of initiative proposals, and Air Force administrative processes must be timed to allow for initiative approval by this time. This phase helps facilitate participation across the acquisition and personnel communities to jointly develop human capital programs.

### *What Our Research Showed About Phase Two*

#### Air Force Practices, Phase Two

The Air Force does not currently have written procedures for the conduct of the second phase. Generally, the Assistant Secretary of the Air Force for Acquisition sends out a memo in late March or early April to the MAJCOMs requesting help in identifying functional and cross-functional requirements that cannot be funded within the MAJCOM and that might qualify for DAWDF funding. The call for requirements includes a reminder of the purpose of the DAWDF, restrictions on its use, a description of some currently funded initiatives, and directions for submitting new proposals. The description of current initiatives is meant to encourage lower-level organizations to develop their own innovative ideas to address specific, sometimes local, workforce objectives.

MAJCOM DAWDF managers (located organizationally in personnel functions—AFMC/A1K and AFSPC/A1K) then send this call for requirements to their headquarters staffs and the acquisition centers in their command (typically to the personnel function in each center). Emails are also sent to HAF functionals with information on the DAWDF program and advising them to coordinate with MAJCOM functional offices to develop DAWDF initiatives.<sup>34</sup>

In interviews, we learned that MAJCOM personnel organizations tend to request from their subordinate organizations the information they need to respond to the SAF/AQH call without providing suggestions for issues that may need to be addressed. We were told that, while the personnel functions may do a “sanity check” to ensure inputs are reasonable, or request additional justification for new or expensive initiatives, they do not routinely review historical data to see if previous DAWDF-funded programs have been successful.

Organizations that desire to use DAWDF funds must submit formal requests that include:<sup>35</sup>

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<sup>34</sup> The desire is to not constrain innovation or new approaches (RAND discussions with DAWDF staff on multiple occasions, October 2014–July 2015).

<sup>35</sup> This list is based on the “FY15 AF DAWDF Proposal Initiative Details” document used by SAF/AQH for FY 2015.

- a description of the initiative and the plan to execute it (If possible, initiatives should be linked to strategic workforce objectives.)
- a detailed description of what the funds are being used for
- the target workforce
- expected outcomes or return on investment
- a description of metrics and reporting that will show how the return on investment will be determined (The requester is responsible for describing the data source that is being used to justify the need for the program and how the success of the program will be measured.)
- the assumptions used to formulate estimated cost of the proposal
- a description of alternatives considered to show the initiative represents the best way to solve the problem
- an explanation of why DAWDF funding is requested instead of MAJCOM operation and maintenance (O&M) or other funding
- a five-year funding profile
- a plan for transition to O&M funding.

The requests are submitted to the MAJCOM personnel function for consolidation. In the past, the submissions have not been coordinated with senior MAJCOM leaders (command or functional) before being sent to SAF/AQH.

During initial discussions with AFMC, we observed that inputs for DAWDF initiatives were being requested from subordinate organizations in specific categories rather than as an open call for new initiatives. The “standard” initiatives were in such areas as student loan repayment, recruitment bonuses, and relocation bonuses, as well as for recruiting activities such as job fairs, advertising, and travel for recruiters. While these categories cover many of the typical DAWDF initiatives that have been used successfully to address civilian workforce shortfalls and gaps, this method for gathering initiatives may stifle creative ways to develop the civilian acquisition workforce.

We discussed initiatives submitted in past years with individuals at the center level and below and found that in some cases, information the DACM might find useful is not being submitted with the request—for example, performance metrics or information about the context within which the initiative would affect a specific location, specialty, or skill set. While some interviewees said they believed this information was anecdotal and not appropriate for submission, we found cases where this missing information or data would have added the key justification or compelling need for the proposal. So, for example, a recruiting outreach event that was proposed to address particular gaps in demographic diversity in the specific skill sets not readily available at certain locations was submitted as simply a “recruiting event” to address diversity, which was not deemed sufficient justification to fund the initiative. From the perspective of the local functional representatives, it appeared to be denied because it was not an appropriate use of DAWDF money, when the problem was that a full justification was not communicated. In other cases, the feedback an initiator receives is incomplete, arbitrary, or late,

and the functional area manager cannot respond in a timely manner to correct or fine tune the initiatives.

On the other hand, we were told that some functionals at MAJCOM and center levels go directly to SAF/AQH with their particular requests for initiatives without communicating with personnel representatives or their peer functionals. This stove-piped attitude toward initiative submission contributed to perceptions of a lack of transparency between functional area managers and the personnel community representatives. This may also contribute to the concern that good ideas are not shared among others in the organization. We did find that many requests for DAWDF initiatives are not consistently coordinated with senior acquisition or functional leaders.

We also discussed candidate proposals for initiatives with MAJCOM and center-level functional representatives that, in their words, “never saw the light of day” because they were rejected at some level of coordination between the initiator and MAJCOM or center official. The reason most often cited for the rejection was “civilian personnel rules.” It was clear to us that there is tension between functional organizations wanting high-quality people to fill positions *now* and personnel representatives wanting to strictly follow U.S. Office of Personnel Management (OPM) and Air Force guidance. In one particular case, a MAJCOM functional proposed a program to fund bachelor’s degrees for wage-grade employees in difficult-to-obtain degree programs (such as engineering) and then employ the graduates in hard-to-fill general schedule (GS) positions. Existing personnel policies did not allow wage-grade employees to be put into long-term, full-time training. The functional worked around this policy limitation by moving these individuals to the career program and getting them acquisition certified *before* beginning their degree program—making them eligible. The persistence in advocating for a new initiative as demonstrated in this example was the exception rather than the rule.

Functional managers we interviewed at MAJCOMs and centers reported that local (mostly unwritten) policies and practices dismissed certain types of DAWDF initiatives as not effective or unnecessary. For example, one functional representative felt that there was little need for DAWDF-funded recognition programs because existing civilian personnel programs provided adequate means for recognition. Another functional representative reported that they *never* used DAWDF-funded hiring incentives such as relocation bonuses because there are qualified candidates applying without these incentives. Some functional organizations, on the other hand, make full use of relocation incentives for developmental assignments as a standard practice and always offer student loan repayment when recruiting at colleges and universities. Rather than relying on data or metrics collected on the successful use of these particular initiatives, the functional representatives relied on their own experiences. When asked, most felt that historical data and additional feedback would be very useful. Overall, these localized practices set up inequities within organizations and functions. In addition, senior leaders at the MAJCOM and headquarters are not always aware that these informal policies are in place.

From the DACM's perspective, then, there are several characteristics in the structure and execution of the current process that choke off innovative initiatives, new programs, and policies and the information that can help provide justification for the use of the DAWDF.

We asked repeatedly at all levels why there were not more requests for DAWDF funding: For example, money is available for acquisition civilian development, so why is it not being fully used? Those in the acquisition community see hiring as the single most important need to address civilian acquisition workforce needs. This authority to hire, which was a big part of the DAWDF program at its inception, is now limited. And additional hiring challenges may be ahead in an environment of shrinking budgets, with MAJCOMs predicting overall civilian pay shortfalls. Several stakeholders wondered if the DAWDF could be used to partially address these shortfalls: The point is that the DAWDF is not being currently used to address these hiring challenges, seen by most as the most important civilian acquisition workforce issue.

### Navy Practices, Phase Two

The Navy call for requirements, sent in May or June, does not request that DAWDF proposals be linked to specific strategic objectives and does not describe criteria or a process for initiative approval.

The Navy's 2010 *Defense Acquisition Workforce Development Fund (Section 852) Implementation Guidance* directed that each of the seven Navy systems commands have a designated DAWDF Working Group representative, and the NACC sends the annual call for requirements to these representatives.<sup>36</sup> According to the NACC, 95 percent of Navy DAWDF funding goes to six of the seven system commands.<sup>37</sup> No additional advertising or publicizing of DAWDF is done through social media or Navy acquisition publications.

During discussions with the NACC staff, we heard a somewhat different philosophy from the other services in that they believe the lowest-level acquisition organizations are best positioned to understand the requirements for DAWDF initiatives. A limited number of big-picture initiatives are encouraged from the top level (e.g., leadership development).

### Army Practices, Phase Two

The Army Section 852/DAWDF program office sends an email memorandum to all DAWDF points of contact and ACMAs announcing when the office will start accepting proposals for initiatives or programs that would use DAWDF funds; the email is currently sent in March. The

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<sup>36</sup> The seven system commands are: Naval Air Systems Command, Naval Seas Systems Command, Naval Facilities Engineering Command, Space and Naval Warfare Systems Command, Naval Supply Systems Command, Marine Corps Systems Command, and Office of Naval Research. While the system commands play a key role in DAWDF programs, other organizations are also involved. The Navy's 2010 implementation guidance was also addressed to Navy program executive officers, so they are aware of the availability of DAWDF funds.

<sup>37</sup> Interview with NACC personnel, December 5, 2014. The Office of Naval Research gets the other 5 percent.

office also announces the availability of DAWDF funds on all Army acquisition social media: Twitter, Facebook, and the DACM website.<sup>38</sup>

The Army's Operating Guide for DAWDF does not specifically mention the integration of strategic acquisition workforce guidance in the annual call for initiatives;<sup>39</sup> however, the FY 2015 call for requirements did highlight DAWDF priorities. For example, the memo reminded potential requesters of Better Buying Power goals and named as a specific goal the hiring of personnel to fill critical skill gaps in business and financial management, contracting, systems engineers, science and technology, and key project and product management areas.<sup>40</sup> This guidance helps focus initiatives on particular strategic goals.

While the Army description of its selection process is not detailed, the call for requirements notes that all inputs "will be analyzed in coordination with the Acquisition Career Field Functional Leads"<sup>41</sup> and presented to the Army's acquisition executive for approval. This is an additional opportunity for strategic goals at the Army-wide or cross-functional level to be considered.

### *Process Recommendations for Phase Two*

#### **Writing the Call for Requirements**

Recent calls for requirements from SAF/AQH have done a good job of providing basic information about DAWDF funding: background of the fund, restrictions on its use, the target population for DAWDF initiatives, and how to submit proposals. However, based on our interviews and examination of current processes, the call for requirements needs to be strengthened in three areas:

1. It should highlight DoD, SAF/AQ, or DACM strategic objectives for the FY and encourage proposals that will help achieve these objectives.
2. It must make it clear that proposers are responsible for describing the data source and analysis that are being used to justify the request.

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<sup>38</sup> As with the Navy, the Army call for requirements also goes to program executive officers and some other organizations. The addressees include 15 Army commands: U.S. Army Forces Command, U.S. Army Training and Doctrine Command, U.S. Army Materiel Command, U.S. Army Europe, U.S. Army Central, U.S. Army North, U.S. Army Southern, U.S. Army Pacific, U.S. Army Special Operations Command, U.S. Army Space and Missile Defense Command, U.S. Army Medical Command, U.S. Army Intelligence and Security Command, U.S. Army Corps of Engineers, U.S. Army Test and Evaluation Command, and the U.S. Superintendent, United States Military Academy.

<sup>39</sup> U.S. Army, 2010.

<sup>40</sup> Department of the Army, "Department of the Army Fiscal Year 2015 (FY15) Field Requirements and FY16 Estimates Data Call – Section 852 of the National Defense Authorization Act for Fiscal Year 2008, Public Law No. 110-181," memorandum signed by Craig A. Spisak, deputy director of Acquisition Career Management, May 21, 2014a.

<sup>41</sup> Department of the Army, 2014a.

3. It must provide clear guidance that proposers are responsible for describing the metric that will be used to assess the progress or success of a proposal.

The DAWDF Charter requires the DACM to develop measurable objectives and track project-performance metrics. However, this has been an area of difficulty since the DAWDF was established. In 2012, GAO noted that DoD “lacks an overarching strategy that clearly aligns DAWDF with its acquisition workforce plan and has not developed metrics to assess DAWDF outcomes.”<sup>42</sup> Despite the fact that DAWDF proposal templates provided by SAF/AQH mention the need for a description of a proposal’s return on investment, many responses to this requirement are weak, omitting the specifics needed to gauge the performance of an initiative. Examples of acceptable metrics and unacceptable ones would be useful in the proposal templates, as would be the assurance that SAF/AQH will work with proposers to better define data and metric requirements, if necessary.

#### **Ensuring That Appropriate Organizations Receive the Call for Requirements**

In FY 2016, SAF/AQH made an effort to increase the number of organizations that were informed of the availability of DAWDF funding. SAF/AQH first sent an email memo describing DAWDF funding availability to MAJCOM “workflow” offices for distribution to directors of acquisition workforces in various functional offices. This email included a call for requirements memorandum signed by the SAF/AQ. Another e-mail was sent to Headquarters Air Force functional offices apprising them that a tasker would soon be sent to them about developing DAWDF initiatives and advising them to coordinate with MAJCOM functionals for any proposals. Specific guidance about identifying Air Force-wide issues was in the memo to Headquarters Air Force functionals and MAJCOMS. Finally, all current DAWDF project “owners” were contacted to advise them that it was time to ask for continued funding or to submit requests for new initiatives.

These efforts did an excellent job of informing key leaders and managers of the availability of DAWDF funds. As noted by many we interviewed, however, the availability of DAWDF has in the past failed to filter down to lower-level organizations that might have problems that could be addressed using this funding source. Our one suggestion to address this communication lapse is for SAF/AQH to consider improving its use of social media to better advertise the fund, as the Army does.

#### **Ensuring That Inputs from All Levels and Perspectives Are Considered**

To ensure the DAWDF is used as efficiently as possible, it is important that initiatives and justification be received and synthesized from the various stakeholders. The call for requirements should provide sufficient time for initiatives to mature in an iterative discussion with higher-level

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<sup>42</sup> GAO, 2012, p. 11.

organizations (if appropriate) and allow for good ideas to be shared across regions and functional area managers. Performance expectations with metrics should evolve through dialogue with the initiative originator. To that end, we recommend that:

- SAF/AQH obtain support from SAF/AQ to require MAJCOM senior leader approval for submitting initiatives in response to the requirements call. Approval, for example, by the MAJCOM executive director and the functional authority in the headquarters will help ensure strategic workforce objectives as well as cross-functional rationalization are considered.
- SAF/AQH engage in staff-assistance visits with personnel representatives at the MAJCOMs and centers to ensure they understand the intent of the requirements call specifically and the DAWDF overall—that it is intended to highlight both typical and innovative initiatives, to encourage the development of compelling evidence (specific situations and metrics) to justify initiatives, and avenues for researching ways to accomplish initiatives rather than ways to reject proposals.
- SAF/AQH consider hosting a DAWDF conference to bring together functional and personnel representatives; center, MAJCOM, and headquarters representatives; those focused on the acquisition mission; and those focused on the acquisition workforce. We were told by several stakeholders that DAWDF meetings some years ago were very effective methods for sharing best practices and ensuring consistency and visibility for initiatives. A conference such as this might best be timed to coincide with the call for requirements. The resources dedicated to such a conference will, of course, have to be weighed with the benefit to be gained.

### Phase Three: Approving Initiatives and Monitoring Execution

DAWDF initiatives are typically due to OSD sometime in July, so SAF/AQH must develop its proposed list before then. Once a DAWDF initiative has been approved by OSD at the beginning of the FY in October, spending on the program must be monitored and performance metrics tracked.

The law establishing DAWDF requires the Secretary of Defense to submit an annual report to Congress that includes, among other things, a description of the expenditures made from the fund and an assessment of improvements in the acquisition workforce resulting from such expenditures.<sup>43</sup> The DAWDF Fund Manager conducts an annual portfolio review and quarterly portfolio execution reviews; OSD HCI holds semimonthly teleconferences with DAWDF program managers, requires monthly updates, and conducts an OSD-level midyear review in April. Such oversight seems appropriate for a DoD program that expects to spend more than \$400 million annually.

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<sup>43</sup> U.S. Code, 2015.

## *What Our Research Showed About Phase Three*

### Air Force Practices, Phase Three

The Air Force has not established a formal process for the approval of DAWDF proposals. There is, however, some communication between SAF/AQH and individual requesters during this phase. These conversations can help refine the initiative description, provide an opportunity for the proposer to justify the request, and stimulate discussion of data sources and metrics that will make it possible to monitor program performance. Personnel and functional representatives we interviewed reported being unaware of the process SAF/AQH uses to approve or prioritize the initiatives submitted. Currently, the proposals are initially approved by the DAWDF program manager in consultation with the HCI manager in SAF/AQH, and then staffed for ultimate approval by the SAF/AQ.

Assessing DAWDF program execution and performance is a year-round task, with assessments providing input to monthly reporting requirements. While SAF/AQH currently monitors program execution well, improvement is needed in tracking the performance of DAWDF programs relative to their objectives. For example, in years prior to FY 2015, a commonly stated goal of tuition assistance programs was to ensure that “100% of contracting officers meet their statutory education requirements.”<sup>44</sup> While these programs report their spending, there is no indication that progress toward the 100-percent goal is being tracked by SAF/AQH, and the only “performance” metric that is reported is the number of classes that were funded. Poor data use and metrics development is a weakness with many DAWDF initiatives in all services. Chapter Four discusses some of the difficulties of finding good data sources and developing good metrics and will use the Air Force’s DAWDF tuition assistance program as an example of how better metrics can be developed.

SAF/AQH complies with OSD requirements for DAWDF program reporting by participating in semimonthly teleconferences, providing monthly execution updates, and submitting midyear reports. Different DAWDF users submit their inputs in different ways; for example, the Air Force DAWDF resource manager provides monthly reports on funds that have been obligated and expended to SAF/AQ using a Microsoft Excel spreadsheet format that was developed several years ago. The Air Force Institute of Technology (AFIT), which teaches several courses funded by DAWDF, also reports expenditures in a spreadsheet. In mid-2015, the responsibility for managing replenishment hiring was delegated to a ten-person office in the Air Force Personnel Center; this office will be responsible for developing and reporting spending and performance metrics to SAF/AQH.

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<sup>44</sup> This quote is in the tuition-assistance initiative descriptions for FY 2012, FY 2013, and FY 2014, as shown in the annual “Defense Acquisition Workforce Development Fund Execution Plan” provided by SAF/AQH for those years. See Finley, 2008.

During our discussions with stakeholders, several suggested bundling initiatives from various organizations, both to make the initiatives consistent across organizations and because they saw instances where a single large effort might benefit the greatest number of acquisition professionals. SAF/AQH is at the appropriate level to consolidate these initiatives and monitor their development. The Air Force Acquisition Careers website,<sup>45</sup> for example, was created with DAWDF financing under SAF/AQH management to support recruiting and hiring for all Air Force acquisition organizations. Several functional representatives we interviewed highlighted the need for a competency tracking and management system for acquisition personnel. Draft proposals submitted at the local level have suggested that DAWDF fund such a system, and some functional organizations have created their own in-house tools. This is an example of an opportunity to consolidate independent initiatives at the approval phase in order to develop something that has Air Force-wide application.

While nearly every personnel and functional representative we interviewed believed that the execution of approved DAWDF initiatives was adequately tracked during the fiscal year, no one had insight on the consequences of not executing allocated funds or believed funds were at risk if not spent. At MAJCOMs and centers, some representatives said they did have spend plans; however, it was not clear that senior leaders were being informed if a particular organization was underspending. Spend plans would help ensure funds from previous FYs were used before drawing on newer allocations. We did not see any evidence that lack of execution was noted in such a way that it influenced the submission of similar initiatives in subsequent FYs. For example, in a previous year, one center submitted a request for funding for retention bonuses in a particular career field. During that FY, very few people qualified for the bonus, and a significant portion of the approved funding went unused. There was no indication, other than for the continuity of the individual program manager in SAF/AQH, that this failure to execute would be considered in subsequent initiative requests by the same center or by other organizations or functional areas.

### Navy Practices, Phase Three

The Navy has no formal process for DAWDF proposal approval. Two people in the NACC review proposals and determine if they benefit the workforce and are reasonable within the context of the program and legal requirements. Although there are no formal criteria for selecting programs, these individuals have been dealing with the Section 825 program since its inception and feel they have enough experience to make good decisions. Their recommendations are sent to the Navy DACM and then approved by the Principal Civilian Deputy to the Assistant Secretary of the Navy for Research, Development and Acquisition.

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<sup>45</sup> See “Air Force Acquisition Civilian Careers,” undated.

### Army Practices, Phase Three

The Army DAWDF program manager has a more formal, though undocumented, approach to this phase. As ideas are submitted, the DAWDF team of about seven people (not all of them full-time dedicated DAWDF personnel) will help edit the proposals to make sure they are complete and include objectives, plan of execution (to include budget and timeline), and performance metrics. The team will also occasionally recommend that different organizations with similar proposals team up, and, if they recognize a particularly good suggestion, propose that its scope be expanded to include the entire Army acquisition career field.

The Army holds a preliminary proposal approval board with DAWDF program managers in June, and it can take a week to go through all of the proposals (there were about 263 of them for FY 2015). In this board, the program managers act as advocates when they present proposals. The board votes on proposals, but the vote isn't final, and usually leads to further communication with some initiators to gather more information or suggest changes to help improve proposals.

A second board with several personnel at the GS-15 level is held to discuss the same proposals, this time with the DAWDF program manager serving as an advocate for each program. This board votes, and the results are compiled for consideration and approval by senior Army leadership. The Army's Deputy DACM is briefed first, then the proposed package of initiatives goes through the Principal Deputy Assistant Secretary to the Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASA[ALT]), the Army DACM (who is a three-star general in the dual role as principal military deputy to ASA[ALT]), and finally to the ASA(ALT). During this administrative process, senior leadership may introduce new initiatives or modify others.

In interviews with Army DAWDF managers, we learned that there have not yet been funding limits that required the prioritization of DAWDF requests—of the 263 requests received for FY 2015, 70 were not approved because they were not well developed, but the Army was able to fund the rest. Army staffers think that, if DAWDF becomes an enduring program, the budget will be much smaller and they will have to prioritize initiatives, so they have begun working with requesters to get them to think more about what they measure and what they expect their initiatives to accomplish. The Army DAWDF program office publishes online a list of all programs that are funded in the current year and regularly updates the status of these programs with execution reports.

In the past, the Army DAWDF office would contact commands at the end of the FY and have them write information papers describing the impact of their initiatives. While this approach yielded some good information, it was very hard on the people who had to do the work, since it added to other end-of-year reporting requirements. To reduce the workload, the Army DAWDF office started checking in with DAWDF users immediately after funded events occurred, which also improved the quality of information since the event is fresher in their minds. To further reduce the workload, the Army DAWDF office is working on an automated survey that collects the information. The survey is structured to force responders to provide useful metrics; for

example, it might ask how an initiative contributed to a specific Better Buying Power Army goal as well as more long-term objectives for the career fields. In interviews, Army personnel noted that monitoring metrics for hiring is easy—the DACM defines hiring goals and they know if they achieve them—but nonlabor metrics are harder. The Army DAWDF office is now also surveying individuals who participate in DAWDF training events to get their views on the impact.

The Army does not initially transfer funding for approved DAWDF initiatives to the requesting organization. Instead, funds are retained until the using organization submits actual costs, for which they are reimbursed. There is no guarantee that an initiative initially approved for a particular dollar amount will get that amount. There appear to be regular discussions among the Army DAWDF office, the initiator or program lead, and the major command functional representative under which the program falls. The Army is attempting to pay more attention to return on investment for DAWDF programs because of the possibility of more funding constraints in the future.<sup>46</sup>

### *Process Recommendations for Phase Three*

#### **Develop and Document an Approval Process**

One of the themes that arose in our interviews was a perception of lack of transparency in processes related to the DAWDF. Many functional area managers at the MAJCOMs and centers related that they were unsure when and for what reason an initiative was not approved. Likewise, when they found out about an initiative being used in another functional area, they were unsure as to the appropriateness of use with personnel in their area. A1 personnel also tended to focus their review on personnel processes without due consideration to the exceptions provided by DAWDF.<sup>47</sup> While SAF/AQH is doing an excellent job of improving communications related to DAWDF availability, there is room for improvement when it comes to approval of DAWDF initiatives.

SAF/AQH should establish and document its process for initiative approval. Currently, when there is enough money to fund virtually any proposal that is made, a formal process is hardly necessary. However, in the event that funding declines or the number of proposals increases, written guidance on the criteria for proposal approval and the process used to evaluate those criteria will have several benefits. First, it will address concerns about process transparency. Second, it may improve interaction with potential DAWDF users, because it will encourage the type of back-and-forth discussions that occur in the Army DAWDF process as proposals are modified and improved to increase their chances for approval. Third, it will encourage the linkage of proposals to strategic goals, attention to data sources used to justify proposals, and the

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<sup>46</sup> Interview with Army Section 852 personnel, December 3, 2014.

<sup>47</sup> Our discussions with functional area managers and A1 personnel at MAJOM and center entities in January, February, and July 2015.

development of good metrics—all of which will be important criteria for the approval of initiatives. Finally, having an established process will make it easier for SAF/AQH to respond to queries or audits that can be expected to result when funding is tight and proposals are rejected.

A formal process should include communication with personnel and functional representatives about the initiatives that have been submitted and approved. This will encourage sharing best practices, consolidating initiatives into efficient cross-functional and cross-organization programs and will ensure that functional representatives are aware of the set of initiatives that will impact their specialties. The Army's use of two separate review boards is just one approach that we do not necessarily recommend, but a formal and documented process is necessary.

#### **Ensure That Monitoring Is Effective**

After DAWDF proposals are approved, it is particularly important to assess programs on both ends of the performance spectrum. For initiatives that are failing to meet their objectives, SAF/AQH must determine if the initiatives should be terminated or discuss with the sponsor what might need to be done in order to justify continued funding for the initiative. For initiatives that are meeting or exceeding their objectives, SAF/AQH may want to consider if initiatives that are focused on a local problem should be expanded to address Air Force-wide issues, and advertise their success so that other potential users are aware of them. At a minimum, MAJCOMs and centers should have plans for executing their allocated funds, and senior leaders should be made aware of the status of this execution.

The Army DAWDF program office publishes online a list of all programs that are funded in the current year and regularly updates the status of these programs with execution reports. As of April 2015, the Air Force publishes a list of currently funded DAWDF programs on the DAWDF website,<sup>48</sup> but does not publish execution or performance data. The Air Force should consider making execution and performance data available to those who can access the DAWDF website through the Air Force Portal.

Since monitoring performance is so important, the next chapter will address current difficulties with using data for this purpose and suggest approaches to ameliorating them.

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<sup>48</sup> “AF Portal,” undated.

## 4. Evidence-Based Justification and Metrics

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As discussed in Chapter Three, developing and approving DAWDF initiatives can create tension between the need to provide top-down strategic guidance with which DAWDF initiatives should align and the need to allow initiatives that address local challenges to emerge from the bottom-up. A top-down versus bottom-up tension also exists when it comes to identifying data sources to help justify initiative proposals and defining metrics to monitor the progress and impact of DAWDF initiatives. Managers who propose initiatives at the local level (that is, installation or base as opposed to higher headquarters levels) likely have a keen understanding of the human capital gaps that an initiative is intended to address, but may not use, or provide input to, Air Force-wide databases in order to document it.<sup>49</sup> Functional area managers may not use or have access to Air Force personnel data archive systems that would help them monitor workforce issues. And the local personnel office may not fully understand the functional area manager's need for access to this type of data.<sup>50</sup>

With these challenges in mind, this chapter discusses existing data and metrics limitations revealed by our interviews and analysis of processes, and uses a tuition assistance program as an example of how evidence-based justification and monitoring of metrics can be improved.<sup>51</sup>

### Data Sources and Limitations

There are many sources for data that contain information about military and civilian personnel in general and acquisition personnel in particular. Three examples are the Defense Manpower Data Center (DMDC), which is the “central source for identifying, authenticating, authorizing, and providing information on personnel during and after their affiliation with DoD”<sup>52</sup>; the AT&L DataMart, which provides acquisition workforce data for strategic workforce planning, trend analysis, workforce qualification and data reviews;<sup>53</sup> and the AcqNow system (connected to the

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<sup>49</sup> Civilian hiring and workforce supervision is generally a local installation task, whereas military accessions are centrally managed.

<sup>50</sup> One indication of this may be the desire by several functional area managers for their own competency modeling capability (RAND discussion with personnel from the Air Force Space and Missile Systems Center, January 2015).

<sup>51</sup> By “evidence-based justification and monitoring,” we mean that those who propose initiatives must, if possible, clearly state the data and metrics that show there is a problem to be solved, and describe the data and metrics that will be used to determine if the initiative helps solve the problem.

<sup>52</sup> See DoD, “Welcome to DMDC,” web page, undated.

<sup>53</sup> See “AT&L Workforce Datamart,” website, undated. This website requires a Common Access Card and the establishment of an account for access.

Army Training Requirements and Resources System), which allows monitoring of academic and training requirements for APDP certifications.<sup>54</sup>

There is a wealth of information in these databases, but their usefulness in developing appropriate metrics for, and tracking the impact of, DAWDF initiatives depends on the problem that the initiative is meant to address. For example, hiring new civilian acquisition personnel was a key initiative during the first several years of DAWDF's existence, and the AT&L DataMart (which uses DMDC data as an input) provides easy access to aggregated, enterprise-wide data on the number of personnel hired.

Such enterprise-wide data can also be useful for understanding the need for some training and development initiatives. The AT&L Workforce DataMart is capable of displaying DAWIA certification rates, and if training programs are being funded to improve these rates, they can be tracked over time and certification rates can be correlated with funding to see if there is statistical evidence of any impact.

However, enterprise-wide data may not always provide the best means for assessing the impact of DAWDF initiatives for at least three reasons.

First, from an analyst's perspective, using large databases to try to examine the impact of DAWDF programs can be complex. DMDC data sources will show the presence of individuals in the workforce and various characteristics over time, but will not show if, for example, specific individuals have received tuition assistance or attended specific training. That information would be in another database,<sup>55</sup> and an analyst may need to do extensive work merging databases in order to try, at the headquarters level, to monitor the impact of a DAWDF initiative.

Second, many DAWDF initiatives target small populations. Examples from FY 2014 include a request to hire *one* highly qualified expert, a request to fund 30 permanent change of station moves, and a request to fund 13 masters degrees and 25 certificates per year. Statistical analysis of an Air Force-wide database is not appropriate for initiatives such as these that have potentially small, base-level, but still important, impact. The proposer must keep track of who benefited from initiatives such as these and the impact they may have had. A local proposer, say, at AFMC in Dayton, Ohio, will know that a specific group of people needs help with certification rates, skills training, or incentives, and will quickly know if a targeted population responds as desired to a particular incentive.

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<sup>54</sup>Chapter Five of Nataraj et al. (2014) has a good summary of data sources for DoD workforces. See Shanthi Nataraj et al., *Options for Department of Defense Total Workforce Supply and Demand Analysis: Potential Approaches and Available Data Sources*, Santa Monica, Calif.: RAND Corporation, RR-543-OSD, 2014. Guo (2014) also discusses data available for the analysis of retention and promotion of DoD acquisition personnel. See Christopher Guo, Philip Hall-Partyka, and Susan M. Gates, *Retention and Promotion of High-Quality Civil Service Workers in the Department of Defense Acquisition Workforce*, Santa Monica, Calif.: RAND Corporation, RR-748-OSD, 2014.

<sup>55</sup> Such as the Air Force Automated Education Management System (AFAEMS) database (discussed further below) or in the Continuous Learning Tracker tool that is part of the AcqNow database.

Third, there may have been insufficient time for the impact of some DAWDF programs to show up in enterprise-wide data. Five years of tracking data may not show the Air Force-wide impact (if any) of incentive programs, even if hints of the effectiveness of a program may be observable at the local level.

Thus, different data sources are needed to track the effectiveness of different types of DAWDF initiatives, if in fact a data source exists at all. Table 4.1 suggests the level of data useful for monitoring initiatives in the 11 DAWDF program line items. For example, in the first row, “Training Enhancement and Capacity Expansion” could be monitored at both the Air Force headquarters level (using a system such as the Workforce DataMart) or at the local level (that is, the installation, center, or MAJCOM level), where monitoring individual needs for training might be appropriate. In the fifth row, the impact of retention and recognition awards should be immediately apparent to lower-level organizations, while this impact might be difficult or impossible to divine using Air Force-wide databases. Finally, starting in the seventh row of the table, the Air Force-wide effectiveness of hiring programs should be evident in Air Force-wide data, while the impact of recruiting and outreach programs, which will often be designed to resolve local (installation, center, or command) problems, may be easier for the proposer to measure. For this reason, the proposers of DAWDF initiatives need to be clear about the data source that is being used to show that a problem exists and how data will be used to measure the impact of the initiative that is designed to solve it. If this requirement is more consistently enforced, available data and the structure that facilitates analysis should improve over time.

**Table 4.1 Data Requirements for DAWDF Program Line Items**

Main Area	Program Line Item	Level of Data
Training and development	Training enhancement and capacity expansion	HQ and Local
	Comprehensive acquisition workforce and student information system	HQ
	Competency management and assessments	HQ
Retention and recognition	Workforce planning, pilot program	HQ
	Retention and recognition awards	Local
Recruiting and hiring	Career broadening and academic programs	Local
	Intern programs	HQ
	Recruiting incentives	Local
	Outreach programs	Local
	Journeyman hiring	HQ
	Hiring qualified experts (HQEs)	Local

## Metrics

Designation of appropriate metrics with which to measure the effectiveness of DAWDF initiatives is another area that has not been consistently emphasized. We observed two related problems with metrics that have been proposed for DAWDF initiatives in the past. The first is metric descriptions that are not, in fact, measures. One FY 2014 proposal, for example, stated that funding a course will keep “acquisition personnel current on changes in acquisition and support areas,” but went no further in describing how this currency might be measured; another suggested that “cost personnel will learn applied skills not taught elsewhere” without showing why this would be worthwhile.<sup>56</sup>

The second problem is the use of metrics that are unrelated to a stated goal. One example of this problem is a proposal to hire interns to “meet acquisition workforce requirements” that has as a metric the number of persons hired. While this is a measure of something, there is no suggestion of what the hiring number should be or to what it should be compared in order to determine the success of the hiring effort. Another example is tuition assistance programs whose goal is to decrease “competency gaps,” but that use as a metric the number of courses that are funded instead of the improvement in competency levels.

It is important during the approval process for new DAWDF initiatives that SAF/AQH staff work with initiative proposers to ensure that their suggested metrics will be useful in justifying the initiative to higher-level decisionmakers and Congress. This will also help ensure that the proposed metrics are capable of measuring the effect of the initiative on the perceived human capital gap.

## Tuition Assistance: A Data and Metrics Example

Tuition assistance is a useful case for illustrating the issues associated with data and metrics that we described in the previous sections. It provides an example of a database that contains useful information but of which people are unaware, and shows how those who are aware of the database might be able to put it to better use.

### *Purposes of Tuition Assistance*

Tuition assistance can be used for all three main areas of DAWDF initiatives. It has been used for training and development by paying for product support managers to attend a Life Cycle Executive Leadership Program course, for increasing civilian attendance in the Aerospace MBA

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<sup>56</sup> Both examples are from Office of the Assistant Secretary of the Air Force for Acquisition, Air Force Acquisition Career Management, “FY14 AF Defense Acquisition Workforce Development Fund Execution Plan Initiative Descriptions,” memorandum, July 9, 2013b.

program at the University of Tennessee, and to fund courses that help civilian and military individuals become certified as Acquisition Corps members.<sup>57</sup>

Although Air Force proposals have not suggested using it for other purposes, interviewees at commercial firms indicated that tuition assistance could also be used as a retention incentive to encourage personnel to gain more skills, remain with the Air Force, and use the new skills to help them advance, or it can be used as an additional recruiting incentive for joining the Air Force acquisition career field. In interviews, several functional area managers mentioned that being able to stay abreast of developments in one's discipline was a major incentive to stay with the Air Force. Proposals to use tuition assistance for these purposes should make use of existing data to show their impact.

### *The Air Force Automated Education Management System<sup>58</sup>*

The AFAEMS database is used to receive and evaluate applications for tuition assistance for military and civilian acquisition employees to earn their first relevant graduate degree and to process the invoices, money transfer, and grades for approved courses. The database serves three communities under three different names. SAF/AQH staff know the database as AFAEMS, but military and civilian members applying for tuition assistance access it as the Air Force Virtual Education Center on the Air Force Portal. Universities must certify that each course is part of the student's approved degree plan, invoice the class charges for the Air Force, and then receive a charge authorization for that cost, all via the Academic Institution Portal.

The database and web portals are built and maintained under contract to a company called BAMTech. AFAEMS pulls data from the Defense Civilian Personnel Data System (DCPDS) and the Military Personnel Data System on acquisition civilians and military officers, respectively. However, AFAEMS does not feed data back to either master database. It is solely a management environment for disbursing tuition assistance funds from DAWDF. In fact, DAWDF money is used to pay for an employee to monitor AFAEMS.

### *Preparing to Use AFAEMS Data*

AFAEMS contains the name, Social Security number, and organization of individuals who receive tuition assistance and lists courses they attended over time. However, it does not contain other demographic information about the individual, such as age or time of service. Fortunately,

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<sup>57</sup> The purpose of the Defense Acquisition Corps is to prepare individuals for advancement to levels of greater responsibility and authority. Acquisition Corps membership requires meeting specific education, training, experience, certification, and grade requirements. U.S. Code, Title 10, Department of Defense Acquisition Workforce Development Fund, Subtitle A, Part II, Chapter 87, Subchapter I, Section 1732 (last revised January 6, 2006) defines DoD's overarching selection criteria and procedures for attaining membership in the Acquisition Corps.

<sup>58</sup> Information about AFAEMS in this section is based on an interview with the SAF/AQH manager of DAWDF tuition assistance.

the Air Force Personnel Center has for many years maintained a database called the Civilian Master Personnel Extract (CAE), which is a monthly extract from DCPDS with a wide variety of civilian personnel demographic data. Individuals in the CAE are “anonymized” through the use of a nine-position code that is generated from the Social Security number. SAF/AQH was able to use the same identification-code generation process to produce an AFAEMS dataset in which individuals are identified by the anonymous code instead of the Social Security number. This made it possible to merge individual AFAEMS data related to tuition assistance with individual CAE demographic data (age, years of service, awards received, etc.).

### *Basic Examples Using AFAEMS Data*

Table 4.2 shows a simple example of the demographic information available when AFAEMS and CAE data are merged. In the table, the 2,384 recipients of tuition assistance represent the number of civilian APDP personnel who have *ever* received tuition assistance, not only those receiving it in 2014—about 10 percent of the APDP population of 25,241 personnel. About 18.5 percent of GS-11s and below, and 9 percent of GS-12s and above, received tuition assistance. As the table indicates, tuition assistance recipients were on average almost 11 years younger than nonrecipients and had six fewer years of service.

**Table 4.2. Merged AFAEMS and CAE Data on Tuition Assistance Recipients**

	Tuition Assistance Recipients	Non-Tuition Assistance Recipients
Civilian APDP Personnel	2,384	22,857
GS-11 and below	587	3,166
GS-12 to GS-15	1,590	17,023
Average age	36.8	47.4
Average years of service	7.2	13.6

SOURCE: Merged AFAEMS and CAE data provided by SAF/AQH.

NOTE: GS pay-grade personnel make up the vast majority of APDP personnel, but there are a few hundred in other pay grades, such as NH (the category for Business Management & Technical Management Professional). That is why in this table the total of Civilian APDP Personnel (25,241) is greater than the number of GS personnel (22,366).

At the SAF/AQH level, the DAWDF program manager could track demographics, such as those displayed in Table 4.2, over time to see if the desired “target” population for tuition assistance is being reached. More importantly, the CAE file includes information on promotions and awards, which means that the performance and advancement of tuition assistance recipients can be compared with that of personnel who do not receive assistance to analyze the impact of

tuition assistance and determine if the cost per student is justifiable.<sup>59</sup> Retention differences could also be determined by comparing how long tuition assistance recipients remain in the Air Force to how long non-tuition assistance recipients remain. The CAE database does not contain information on training or educational level, but AFAEMS data could be merged with other databases (such as the Acq Now for Continuous Learning and Acq Now for APDP certification databases)<sup>60</sup> to examine the impact of tuition assistance on learning and certification.

Table 4.2 shows the potential for making better use of available data related to DAWDF initiatives by merging it with available personnel demographic data. This would be helpful for analysis at the SAF/AQH level. However, lower-level users of DAWDF money may not need to pursue such in-depth analysis. Local personnel managers who are authorizing tuition assistance, for example, have access to AFAEMS and can easily follow the career progression of individuals in their units.

## Conclusions

The DAWDF charter requires the DACM to provide measurable objectives and track the performance of DAWDF-funded programs. Our review of recently proposed metrics and available databases, discussions with DAWDF fund users, and our recognition of the tension between strategic (top-down) and local (bottom-up) uses of DAWDF funds lead to the following general conclusions:

- The proposer of a DAWDF initiative should be responsible for describing the data that have been used to identify the existence of a problem. Enterprise-wide problems will probably use enterprise-wide databases; local problems may show up in enterprise-wide databases, but might only be observable with lower-level data. Location, occupational series, and other factors determine what data are needed.
- Whatever the level of problem, the DAWDF proposal must include information about the data and metric that will be used to determine success or failure of an initiative.
- There are some existing databases that can be merged in order to help assess the impact of DAWDF initiatives.
- A useful question for the DAWDF program manager to ask of proposers is: “How will you prove to your congressional representative that this money was well-spent?”

We recognize that subjective assessments and expert opinion are valid inputs in the decision to approve a DAWDF proposal. However, this should not be used as an excuse to accept metrics that fail to show a link to the stated goal of a proposal. If DAWDF funding declines or the

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<sup>59</sup> DAWDF tuition assistance has only been available for four years; we were unable to observe any differences in performance between those who received tuition assistance and those who did not, but this is information worth following.

<sup>60</sup> For descriptions of these databases, see “ACQ Now for DAU Training,” undated.

number of proposals increases and it becomes necessary to prioritize proposals, objective measures of program performance will become more important.

## 5. Lessons from Industry

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### Introduction

To help understand how Air Force DAWDF initiatives compare to programs used by other organizations, we sought to gain insights from companies that have been highly successful in their efforts to attract and retain top talent. Specifically, the study team conducted interviews with organizations that were recognized in 2014 and/or 2015 as *Fortune* magazine's "100 Best Places to Work For." Companies nominated for this annual list are evaluated using a survey of a random sample of employees and a culture audit. The survey asks employees about management credibility, camaraderie, and overall job satisfaction, and the culture audit includes questions about pay and benefit programs, hiring practices, internal communication methods, training, recognition programs, and diversity efforts.<sup>61</sup>

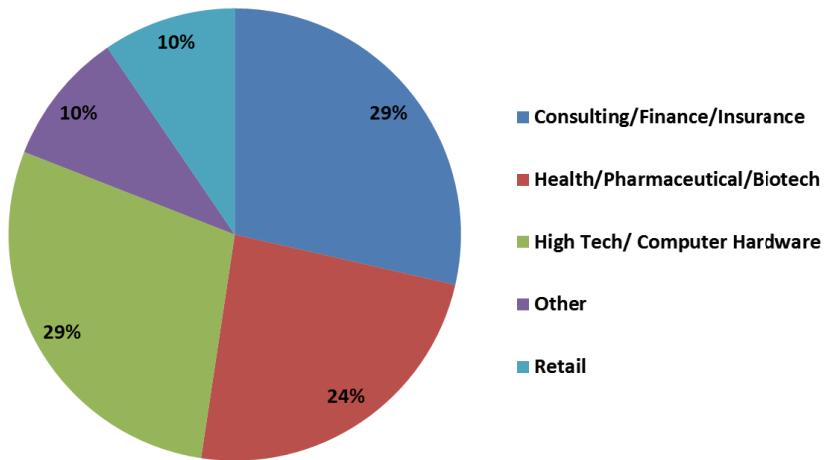
PAF reached out to 48 of these companies to request their participation in a brief telephone interview. We aimed for variation across industries, but focused on larger companies and those with multiple locations. Fifteen companies did not respond to our requests, 12 declined to participate, and, ultimately, we conducted interviews with 21 companies. The companies ranged in size from approximately 2,500 to 60,000 U.S. employees, with an average size of about 23,000. Most of the companies have multiple locations across the country or the world. A breakdown of our sample by industry, which included both for-profit and nonprofit companies, is shown in Figure 5.1.

Though the companies differ from the Air Force, we believe their practices are still highly relevant to SAF/AQ for several reasons. First, they may be competing with the Air Force for the same types of talent, such as new college graduates with business or engineering degrees. In addition, even companies that differ greatly from the Air Force in their mission or purpose have similar functions, such as logistics, human resources, and corporate support. Finally, when initiatives, practices, and strategies are robust (i.e., occurring across diverse contexts), it increases our confidence in their ability to attract and retain talent even absent explicit documentation of their effectiveness. That stated, it is better to regard these strategies not as *best practices* but rather as some of the most prominent efforts to attract and retain talent—practices that leading companies consider important to their human capital strategy.

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<sup>61</sup> For more information, see *Fortune*, 2015.

**Figure 5.1. Industry Breakdown of Fortune 100 Interview Sample**



SOURCE: 2015 RAND PAF industry practices interviews (n = 21 companies).

During interviews, we typically spoke with human resources representatives responsible for talent management or talent acquisition. In some cases, personnel with diversity-management responsibilities participated in the discussions as well. Interview topics included strategies used to attract talent, those used to retain talent, and processes related to developing new strategies and reviewing the company's current set of strategies. Questions were open ended, and we used follow-up probes to explore specific strategies that were of interest to SAF/AQ at the outset of our study (e.g., relocation assistance, tuition assistance). The full interview protocol, how the interviews were conducted, and how the results were analyzed are discussed in Appendix C.

In the sections that follow, we discuss the specific strategies that Fortune's "100 Best Companies to Work For" use to attract and retain talent. We group the different initiatives into three categories: strategies targeted to individuals that have a strong financial component (e.g., signing bonus, tuition assistance); individual-level strategies of a more non-pecuniary nature (e.g., recognition, sabbaticals); and company-wide strategies that tend to be either externally oriented (e.g., social-media use) or internally focused (e.g., culture). Following the discussion of specific strategies, we describe how the companies we interviewed approach managing their portfolio of programs, benefits, and incentives—the full set of strategies employed to attract and retain talent.

Some of the strategies discussed below may not yet be available to government agencies because of statutory or policy restrictions, but we felt it was important to include them in order to capture the full range of approaches used by those we interviewed and perhaps to inspire creative ideas for DAWDF users. Readers who are interested in topics most relevant to DoD should focus on the last two sections of this chapter: Strategy and Portfolio Management, and Lessons for the Air Force.

## Individual-Level Strategies: Financial

Companies in our sample identified eight types of financial initiatives that help attract and/or retain talent, shown in Table 5.1. The strategies are listed in descending order based on how frequently they were mentioned by our interviewees and include relocation assistance, signing bonus, tuition assistance, compensation and benefits, merit awards, employee referral bonus, internships, and retention bonus.<sup>62</sup> The prevalence was influenced in part by our interview protocol (some of the strategies were consistently asked about, while others emerged only when offered unprompted by interviewees), but the proportions provide a basis for a rough comparison across the strategies. The rightmost two columns show whether we regard each strategy as one that helps with recruiting and hiring new talent, retaining and recognizing current employees, or both. As we will discuss, some of these strategies seem well suited to DAWDF applications, while others are perhaps less germane to DAWDF but important for SAF/AQ to consider as part of its overall approach to attracting and retaining civilian acquisition personnel.

**Table 5.1 Summary of Individual-Level Financial Strategies Cited by RAND's Sample of Fortune's "100 Best Companies to Work For"**

Specific Strategies	Proportion of Interviews That Cited	Recruit and Hire	Retain and Recognize
Relocation assistance	All/almost all	✓	
Signing bonus	All/almost all	✓	
Tuition assistance	All/almost all	✓	✓
Compensation and benefits	All/almost all	✓	✓
Merit awards	All/almost all		✓
Employee referral bonus	Majority	✓	
Internships	Majority	✓	
Retention bonus	Minority		✓

SOURCE: 2015 RAND PAF industry practices interviews.

<sup>62</sup> In this and the following tables, "Majority" means that at least 11 of the firms interviewed cited the practice. "Almost all" means that at least 19 of them cited the practice.

## *Hiring-Focused Strategies*

Internships, relocation assistance, signing bonuses, and employee referral bonuses are primarily intended to help companies attract talent. First, the majority of companies we interviewed highlighted internship programs as a way to ensure a supply of high-quality employees. As one representative told us:

Intern conversions are an important part of our employee pipeline. For very competitive schools this becomes the only way we will be able to hire people. We get to test out people early, and they get to test us out as well.

Internship programs take many forms: Some involve high school or college students working at a company over the summer, while others were described as fellowship or resident-type programs for more experienced professionals. Companies reported that the conversion rate from interns to actual employees is high, with one company noting that, generally, 86 percent of its interns become employees. In addition, for some companies, interns constitute a large portion of their full-time hires.

Most of the companies we interviewed make use of relocation assistance in their hiring practice. We found that it tends to be offered on more of a case-by-case basis than as a standard part of a job offer. It was typically not provided for entry-level positions and jobs for which talent was regarded as “readily available.” Nor were college graduates routinely offered relocation assistance. Instead, companies viewed relocation assistance as one potential lever that could be pulled as needed. As one interviewee told us:

[I]f there is a qualified candidate and the hiring manager feels strongly that this is the best person, and if the recruit is far away, then we do offer the relocation assistance. It is not something that is readily used, but it is available to the recruiter.

Relocation assistance took the form of either a lump-sum payment (and the new hire handles the move independently) or company-provided professional relocation service. For perspective, a 2015 survey by the Society for Human Resource Management (SHRM) found that relocation assistance is relatively common: 32 percent of companies provide a relocation lump-sum payment, and 9 percent provide a third-party relocation plan.

The 2015 SHRM survey also indicated that 28 percent of companies offer executive signing bonuses and 22 percent of them offer such bonuses to nonexecutives (e.g., new college graduates).<sup>63</sup> Signing bonuses were more prevalent in our interview sample, but, as with relocation assistance, companies’ approaches differed. Some companies discussed college-graduate signing bonuses as a standard practice and bonuses for experienced hires as uncommon, while other companies reported just the opposite. Companies that provided new college

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<sup>63</sup> Society for Human Resource Management, *2015 Employee Benefits: An Overview of Employee Benefits Offerings in the U.S.*, June 2015.

graduates with a signing bonus described it as an informal student-loan reimbursement option. These bonuses tended to be a flat amount. In the case of experienced hires, however, bonus usage and amounts were quite variable. Interviewees reported that these bonuses tended to be more market driven, intended for hard-to-fill positions, fields in high demand, or unique skill sets. One interviewee described these bonuses as a way to dislodge talent from a competing company. Experienced-hire signing bonus amounts are based on a combination of the new hire's seniority, expertise, the employment situation that he or she would be leaving, and geography.

Finally, many of our interviewees identified employee-referral bonus programs as an important recruitment tool. Employee referrals were often a major source of high-quality new hires. As one representative stated succinctly, "We found that the employee referrals ended up being our best people."<sup>64</sup> SHRM survey results indicate that the popularity of employee referral bonus programs extends beyond our sample: 44 percent of companies reported making use of them. The parameters of such programs were similar among companies in our sample, and detailed examples are provided in Appendix B. Basically, the programs focus on experienced hires, with amounts ranging from \$1,000 to \$5,000, influenced by the company need, candidate seniority, and skill set. The bonus is paid after the referred employee has been on the job for a set period of time, and, in some cases, the bonus is paid in installments.

### ***Tuition Assistance***

SHRM reports that the majority of companies offer tuition assistance: Its 2015 survey indicated that 56 percent of companies offer undergraduate tuition assistance and 52 percent offer graduate tuition assistance. While this employee perk is relatively standard, how companies choose to implement it is not. We found that the companies in our sample differed in terms of employee eligibility, acceptable degrees, grade requirements, dollar amounts, and employment obligations. For example, some companies do not offer tuition assistance across the board to all employees; instead they limit it to those who have a certain amount of company tenure or a minimum level of performance. In general, companies preferred that the coursework be related to an employee's area of work, either current or prospective, but some took a more restrictive view of what they deemed relevant. The annual amounts varied as well, and at least one company based the reimbursement amount on the grades that an employee obtained: 100 percent for "A" and "B" grades and 50 percent for "C" grades. Overall, companies in our sample appear to have very deliberately tailored this common employee benefit to align with their human capital strategy. While it is a benefit for current employees, it also is valued as a way to attract talent.

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<sup>64</sup> Employee referrals are not universally praised, especially for leadership positions in an organization. Freida Kapor Klein, founder of the Level Playing Field Institute, contends that employee referrals can introduce bias and contribute to an "exclusionary" culture. See Vivek Wadhwa, "Dropbox's Hiring Practices Explain Its Disappointing Lack of Female Employees," *Washington Post*, February 14, 2014.

### *Merit Awards*

Many companies, both in our Fortune 100 sample and the U.S. workplace more broadly, use spot bonuses and awards (e.g., cash, gift cards, points) to recognize employee efforts that “go above and beyond.” According to SHRM, 45 percent of companies use spot bonuses and awards. Merit-award programs vary in their formality, and some companies have both an informal program, in which low-value awards are promptly given to acknowledge a job well done, and a more formal program that entails a nomination process, award committees, and company-wide recognition. We also learned that merit awards are not always a manager’s tool; the companies in our sample often provide ways for employees to recognize their peers with small awards (less than \$100), at times even without requiring manager approval. Detailed examples from our interviews, including descriptions of programs that feature peer recognition, can be found in Appendix B. The examples show how companies use information technology-based platforms to facilitate nominating employees, issuing awards, approving higher value awards, and tracking overall use and expenditures. In addition, some companies use IT to promote their programs through internal social media, such as a newsfeed or an intranet website.

### *Compensation and Benefits*

Although DAWDF initiatives are not likely to focus on compensation and benefits, we include this category of financial strategies because our interviewees consistently emphasized the importance of a good compensation and benefits package to both attract and retain talent. They mentioned that basic compensation needed to be at least on par with their competitors and discussed the use of incentives based on both personal and company performance. One interviewee told us, “Competitive pay is just the ticket at the door. You have to pay competitively, and in terms of benefits, you have to at least match your competitors.” Publicly traded companies also considered employee ownership as a powerful tool for both recruiting and retention. Benefits that were frequently cited in our interviews as key elements of a talent management strategy include retirement benefits (e.g., pension, 401K), health insurance, life insurance, and generous paid time off. Less-often mentioned but still notable benefits included employee assistance programs, preventive health and wellness programs, and commuting support (e.g., discounted bus passes, subsidized vanpools).

### *Retention Bonus*

We found that retention bonuses were not used very often, either by companies in general or the Fortune 100 companies we interviewed. SHRM noted in its survey that only 15 percent of companies make use of this financial incentive, and our interviewees tended to view them as a last resort, as these comments demonstrate:

Everyone always talks about retention bonuses. This is the last thing we want to utilize. Retention strategy only comes into play if you fail at your engagement strategy.

In extreme cases, we do have a retention bonus. . . . We do less than 100–150 of those per year, and we employ over 70,000 people.

Companies did see some value in retention bonuses, such as when a new operation or location was starting up or when one was shutting down. In both cases, retention bonuses were offered to a small number of key personnel to ensure they remained with the company during an especially critical period. None of the companies in our sample regarded retention bonuses as a primary tool to retain talent.

## Individual-Level Strategies: Nonfinancial

Our next category includes strategies for recruiting and retaining employees that are still individual focused but have less of a financial incentive, if any. Table 5.2 lists the strategies we heard about during our interviews, including recognition, engaging and meaningful work, development and mobility opportunities, sabbaticals, community service, workplace amenities, and work-life balance/flextime. The table is similar in structure to Table 5.1, with information about the prevalence of each strategy in our interviews and our view of whether each helps with recruitment, retention, or both.

**Table 5.2 Summary of Individual-Level Nonfinancial Strategies  
Cited by RAND's Sample of Fortune's "100 Best Companies to Work For"**

Specific Strategies	Proportion of Interviews That Cited	Recruit and Hire	Retain and Recognize
Recognition	All/ almost all		✓
Engaging, meaningful work	Majority	✓	✓
Development and mobility opportunities	Majority	✓	✓
Sabbaticals	Minority	✓	✓
Community service	Minority	✓	✓
Workplace amenities	Minority	✓	✓
Work-life balance and flexible work	Minority	✓	✓

SOURCE: 2015 RAND PAF industry practices interviews.

## *Recognition*

SHRM notes in its 2015 survey results that 80 percent of companies have an employee recognition program, and this was very prevalent in our interview sample as well. Earlier in this chapter, we discussed merit awards, which often have a financial reward attached to them. However, some of the merit award programs we learned about also facilitated providing recognition without any sort of financial benefit to accompany it. Some programs include nominal gifts or team-building events (e.g., dinner), but others rely on highly visible recognition. One interviewee told us about a company-wide honor that has no financial incentive yet is regarded internally as very prestigious:

It is a grassroots program, where everyone in the company is invited to nominate anyone who they think embodies what [Company] stands for. There is a selection committee. There were a total of 3,500 nominations this last year. Each year, ten to 12 people are recognized corporate-wide. The selection team goes through the nominations, which is a laborious process, and makes the selections. [It] is the highest form of recognition at [Company]. It's not about the money, it is about being appreciated. [It] covers lower-level and higher-level folks and people from all functional areas; it is cross-cutting. There are no financial incentives involved with this award, just a trophy.... It is an amazing process that is taken very seriously within the organization. Just being nominated alone is a huge honor.

In general, interviewees regarded this aspect of a recognition program as a low-cost, highly effective means to acknowledge exceptional efforts.

## *Engaging, Meaningful Work*

Our interviewees often emphasized the importance of engaging, meaningful work in attracting and especially retaining employees. They spoke about employee engagement and shared insights such as the following:

We believe retention is important to our business. We hire people for a career at [Company], not for a job. In a way, everything we do around our talent management is geared toward retaining our high-performing employees. It starts with the work we do. If the work we have is meaningful, and our practitioners are challenged, learning, and growing, then they tend to stay. So the biggest thing we can do to retain the best and brightest is to make sure the work is meaningful.”

[G]iven the competitive market for the kind of people we hire, I believe that feeling that you can work on cool things, interesting things, things you find interesting and challenging is what keeps people here.

Interviewees explained that employees were not only motivated—and thus retained—by work that they found challenging and interesting, but also by work that they believed had value or meaning. For example, in the excerpts that follow, representatives discuss not only how their company's work is meaningful, but also how they remind employees of its significance:

There is a mission here that is very important. The employees feel that they are doing something that is purpose driven. There is not much talk about profits.

Around campus you will see pictures of patients whose lives we've saved [through the company's products]. Even at our sales meetings, we have patients present to talk about how glad they are that our research was done to save them.

We tell stories about the impact and benefit that our products have for people. We continually remind people of this when they are working. We bring clients (small business owners, for example) into the offices, so that we keep in mind what is important.

### *Development and Mobility Opportunities*

For many of the companies in our sample, the notion of engaging, meaningful work was entwined with employee development. One interviewee told us, "People need to feel like they are doing valuable work and are continually learning." This includes providing employees with ample educational opportunities (e.g., in-house courses, tuition support), mentoring, skill-extending job assignments, lateral job transfers, and career progression (e.g., promotions). These opportunities were regarded as a way to both attract and retain talent. For example, one interviewee told us that evidence of extensive development opportunities was "a big selling point when trying to attract talent," and others expressed retention-focused sentiments such as the following:

People get to experience change and development here. They may move to a different department or unit to check something out or make a career transition. Everyone who has been here for a while can vouch for this broad exposure and career development. Over [the] last several years, we have made an effort to offer more formal learning experiences—for example, coaching, lots of leader development, work skills development. Majority of people go through those [experiences], and this has also been a good retention strategy.

We offer broad development opportunities to help employees continue to build capabilities to meet the needs of the business and to build their careers. We have some high potential. If you're in the program, then you get certain opportunities, such as networking opportunities and stretch assignments to help you learn and grow. This retains you by engaging you in a different way.

### *Sabbaticals*

A sabbatical is an extended leave, typically paid but sometimes unpaid, that is intended to help avoid employee burnout or give employees a chance to try something different without leaving their company permanently. A small number of companies in our sample offer sabbaticals, and that is consistent with SHRM findings: In its survey, 5 percent of companies indicated the availability of paid sabbaticals and 13 percent, unpaid sabbaticals. Employees, or a subset of employees, are typically eligible for this extended leave after a set period of employment. In some cases, sabbaticals are only approved for specific purposes, such as to work for a nonprofit. Examples of sabbatical programs offered by the Fortune 100 companies in our sample can be found in Appendix B. Sabbatical programs are typically small in scope, but can have great symbolic value. One interviewee called sabbaticals "a cornerstone of [Company] benefits," while

another noted that they “fit culturally” with the company’s strategy. Sabbatical programs were regarded as helping both to attract and retain.

### ***Community Service***

As noted above, some sabbatical programs provided employees with a way to take extended leave to work with a nonprofit. Some of the Fortune 100 companies in our sample also incorporated opportunities for employees to engage in community service while still working in their regular capacity. Although this came up in only a minority of interviews, perhaps because it was not one of our standard questions, SHRM found that 48 percent of companies have created community volunteer programs, which provide benefits to the companies themselves, their employees, and the community. One company we interviewed sponsors employees to spend up to 15 percent of their time “to give back to the community,” and another gives all full-time and some part-time employees one eight-hour day annually to spend performing community service. In this latter example, the company does not dictate where the time is spent, but it does try to rally as many employees taking advantage of this benefit to conduct their volunteer work during the same week, making it much more visible within the company and to the local community. A third company has staff with formal community outreach responsibilities, both representing the organization at local nonprofit events and creating opportunities for all the organization’s employees to serve their community.

### ***Workplace Amenities***

A small number of our interviewees mentioned without prompting that company perks make the workplace more appealing, consequently helping with both recruiting and retention. One representative told us:

[Recruitment manager] looks at ways we can help improve retention. We have a health center here, so people can get treated here. We have a fitness center. We have an on-site dry cleaner. We are going to have an on-site childcare center. Each year, HR people get together to look at how to make lives easier and enrich people’s lives here.

Another focused more on how these benefits help with recruiting, telling us, “There are many amenities: on-site cafe, workout facilities, easy access to bicycle trails, walking trails. These things attract talent.” Some of the perks we heard about, such as concierge services, on-site dry cleaning, on-site childcare, on-site healthcare professionals, and on-site barbers/beauty shops, help to make employees’ lives easier through convenient access to needed services. Most of the companies that brought up workplace amenities cited on-site exercise facilities as well—something available already at many Air Force locations but perhaps not well-publicized to civilian employees. Finally, some of the perks are not only about ease of access, but also provide cost savings, such as subsidized cafeteria food and free snacks and beverages.

### ***Work-Life Balance and Flexible Work***

Some of the perks described above were seen as a means to facilitate work-life balance, which interviewees suggested was another strategy to recruit and especially to retain employees. Work-life balance is also promoted through different kinds of flexible working arrangements, including casual dress, telecommuting, and flextime. As one interviewee explained:

In regard to retention [strategies], I would say flexibility, both formal and informal. For formal: part-time work, job sharing, working alternate hours, telecommuting. You have to work these out, but you can do these. Informally, people are pretty flexible. People work different hours, sometimes long hours and sometimes shorter hours. We do a good job with flexibility, we hear a lot about that.

In addition, a couple of interviewees cited their companies' use of seasonal scheduling as an example of flexible working arrangements and a commitment to work-life balance:

We also have "summer hours." This takes place from Memorial Day to Labor Day. Everyone works a half hour longer Monday through Thursday, and then on Friday we stop at noon.

[I]n the summer, every weekend, we have the "jumpstart program." This is all summer long starting Memorial Day weekend and ending after Labor Day weekend. Basically [for this jumpstart program], we close early, at 3pm, every Friday during this time period. We tell people, "Leave the office, you're done."

### **Corporate-Level Incentives**

The last set of strategies to attract and retain talent consists of company-wide initiatives. As shown in Table 5.3, interviewees identified five corporate-level strategies: branding, social media use, corporate philanthropy, culture, and affinity groups. We did not include any of these in our starting set of questions, but they emerged as important recruitment and retention strategies nonetheless.

**Table 5.3. Summary of Corporate-Level Strategies Cited by RAND's Sample of Fortune's "100 Best Companies to Work For"**

Specific Strategies	Proportion of Interviews That Cited	Recruit and Hire	Retain and Recognize
<i>External</i>			
Branding	Majority	✓	
Social media use	Majority	✓	
Corporate philanthropy	Minority	✓	✓
<i>Internal</i>			
Culture	Majority	✓	✓
Affinity groups	Minority	✓	✓

SOURCE: 2015 RAND PAF industry practices interviews.

### *External*

#### Branding

Many of the companies in our sample rely on branding—very deliberately creating, cultivating, and disseminating a specific company image—as a key strategy to attract talent. The brand may include information about the organization's mission, values, and culture and convey a sense of what the workplace is like for prospective employees. The remarks that follow provide more detail on Fortune 100 company approaches to branding:

For us it's about employment branding. What can you offer candidates? What differentiates us? We spent a year and a half working with an outside company, trying to define what our employment brand is. We just did this four or five years ago. . . . When figuring out what brand we wanted to have, it came from what employees say. We asked them why they came here and why they stay. We built everything around what they said.

There is a branding team that looks at how [Company] is perceived as an employer. They ask, "What do we need to be highlighting? What stories do we need to make sure are getting out there to inspire more and more different people?" We need to be conscious of the stories that we tell. . . . We want to convey a broad view of what happens at [Company].

These comments also show that companies have assets dedicated to branding, an external agency in the first example and an in-house capability in the second.

#### Social Media Use

Our interviewees discussed the growing importance of social media in attracting job candidates. First, social media are a means to cultivate a company's brand:

We have a pretty large, robust talent acquisition machine here. So we have all kinds of social media. . . . We try to get on the best places lists that we choose to participate in because it's brand-enhancing for us.

We recently worked on a four-minute video to highlight how we started, where we're going, what our lines of businesses are. It's on Vimeo. It's both educational and motivational. This helps to convey our brand and why [Company] is a great place to work.

There are different social media platforms that companies can employ not only for general branding purposes, but also to appeal to job seekers. One interviewee explained, "Posting on a job board somewhere is not that effective anymore. We are doing more social media than ever." Vimeo, mentioned above, is a repository for videos, and the excerpts below highlight other key social media portals that help attract talent:

We post things internally, but—other than that—we use two main tools for posting. First, we leverage LinkedIn. You can easily share jobs [on LinkedIn]. Our hiring managers have accounts on LinkedIn, and we have a company site on it too. It is pricey though, but there is good return on this. We also use Career Builder. We actively pay for both of these. There are a couple of other things too, like Monster.

During the recruitment process, we do a good job with videos. Candidates spend a lot of time on LinkedIn and on Glassdoor. We invest in these areas. We are transparent. Candidates can easily find the reviews about us. We strategically place information about our values, our culture, and the awards we have won, and we strategically placed material on customer impact.

If you start with job postings, I would start with Indeed. Indeed would be the best place to start. Indeed pulls in Monster and all these other sources [onto one site]. LinkedIn is also an incredible source, if you have the right contract with them. We spend money on LinkedIn and on Indeed. You do a contract with them.

LinkedIn was the most frequently cited social media site within our sample, and that is consistent with other research as well. In a 2013 survey of approximately 400 human resources managers and recruiters, LinkedIn was considered the most effective social media site for hiring and recruitment.<sup>65</sup> As shown in the first comment above, companies invest in their own LinkedIn sites and their human resources personnel use personal LinkedIn accounts for additional marketing of open positions. Other sites mentioned include CareerBuilder, Monster, JobWebs, Indeed, and Glassdoor. Glassdoor is somewhat different from the other sites in that it is not focused on job openings, but rather is a repository for employee reviews of their workplace.

To make the most of social media, companies not only rely on their own staff, but also turn to external resources (e.g., ad agencies) and seek to piggyback on others' communications efforts. The latter includes capitalizing on employee reviews on Glassdoor as well as competing

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<sup>65</sup> Lee Hecht Harrison, "Better Hires, Better Business: LHH Recruiting and Hiring Practices Study," 2013.

for a spot on prominent best places to work lists, which are promoted heavily by the organizations that produce them. As one interviewee explained:

We are on the Fortune 100 Best Places to Work list, the best places for women to work list, and on the diversity top 50 list. These platforms advertise on their own. The new digital portals help do this too. Glassdoor, for example, is like Yelp for corporations: people who work or have worked for a company rate and describe on this site the experience they had working for that company. We always rank in the 90th percentile on Glassdoor. Most people who are in the job business are aware of these platforms.

### Corporate Philanthropy

Earlier in this chapter, we identified community service as a non-pecuniary, individual-level initiative to both attract and retain employees. Corporate philanthropy is an institutional-level complement to that strategy. One interviewee told us:

We also set aside money for charitable donations. We are involved in volunteering and giving back to the local communities. I think this is also a good thing. I don't know if this is 100-percent retention related, but our employees feel good about what the company is doing. Especially for younger employees, it is important that the company is a good corporate citizen.

Examples of philanthropy include corporate-level charitable donations, matching of employees' charitable donations, and supporting local nonprofit events either through a corporate presence or financial contribution. Demonstrating that a company "cares and gives back" not only may have appeal for employees, both prospective and current, but can also help with branding efforts. As one interviewee explained, "People know us because we are involved in community and social issues, and that becomes part of our brand, part of who we are."

### *Internal*

#### Culture

Culture is "a system of shared values (that define what is important) and norms that define appropriate attitudes and behaviors for organizational members (how to feel and behave)."<sup>66</sup> Culture came up in our interviews as one of the attributes that companies sought to capture in their branding, but interviewees also discussed its direct influence as well:

Our culture and values are a competitive advantage. We are employee-focused. We have been recognized several times for being one of the best places to work, and we have been recognized as the happiest [industry type] company in the world.

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<sup>66</sup> Charles A. O'Reilly and Jennifer A. Chatman, "Culture as Social Control: Corporations, Cults, and Commitment," *Research in Organizational Behavior*, Vol. 18, 1996, pp. 157–200.

Many people say they come here for the culture. It is a casual, informal environment in the support divisions at headquarters, as well as in the distribution and retail divisions. We are a mission-driven organization.

Something a little more soft that has real results... [Company] is a part of a rare group of companies where the culture that we publically purport to have is actually the culture that really exists in the company.

As these comments indicate, interviewees gave more emphasis to the values aspect of culture than its normative side, using terms such as “values,” “mission,” and “purpose.” They also indicated that culture “outweighs anything we specifically do,” or, alternately, was the result of a combination of initiatives:

We have great recognition practices. We also have great internal mobility, which leads to career development. We also have really good compensation and benefits. Our compensation and benefits are top ten percent. Our financial standing, our bottom line is also really important. We are a successful company that fuels a great-place-to-work environment. All of this creates the culture that we have here.

Given that culture is likely the outcome of many strategies or something that cuts across them, it may be difficult to apply DAWDF money to this end. But we still cite it here given how salient it was to the company representatives we spoke with and its perceived importance to an overall talent management strategy.

### Affinity Groups

A small number of interviewees identified affinity groups as an employee retention tool—part of larger efforts to make their company engaging and inclusive for all. An affinity group is a company-supported forum for employees to meet socially and exchange ideas across units or departments. As one interviewee explained:

[M]any companies now have Employee Resource Groups. . . . They are also a big part of retention strategy. I think off the top of my head we have four to six of those. Each group has a goal or purpose in mind and events—learning, networking, and social—associated with them. Especially for the newest associates, it's a great way to build a network. Research suggests they are a key way that employers differentiate themselves [from their competitors for talent] and help with retention.

We learned about affinity groups based on demographic characteristics as well as those formed around shared interests (e.g., environmental issues). Some companies also have affinity groups based on military affiliation or veteran status. In this example, an interviewee told us about an affinity group for veterans:

We have 19 associate [employee] resource groups (ARGs), one of which is a military associate resource group. The military ARG plays a major role in making sure the interest in veterans is there. All of these ARGs are voluntary. People can join if they want. They organize activities; for example, the military

group does things for Veterans Day. There are also mentorship programs within these resource groups.

Affinity groups may not only be an attractive program for recruitment and retention purposes, helping to signify a company's commitment to diversity, but also may provide employees with development opportunities, including the learning, networking, and mentoring cited in the two examples above.

## Strategy Portfolio Management

### *How Strategies Are Adopted*

During our interviews, we asked Fortune 100 company representatives in our sample to tell us how their organizations develop and implement recruiting and retention strategies. Companies varied greatly in this regard; there was no one best way or primary way that emerged. One approach involved gathering information on external market trends. Some companies rely on benchmarking of best practices, as the following remarks show:

We have a membership with CEB (the Corporate Executive Board) [<http://www.executiveboard.com>]. They have fingers pulsed on best practices, with tons of data. We are very data driven. We try to use the best practice information to get away from analysis paralysis. Because it is not just coming internally, they [CEB analysts] are experts. It is very credible.

We partner with a lot of research firms to understand what the benchmark is that is out there. We also make sure we look at what is best for us. This involves HR and business [working] together, combined.

Every other year, we bring in a third-party vendor to see how we are doing with benchmarking, to see if we are in line with our competition. We want to stay competitive. The third-party organization does an analysis to see what we can afford and to see how we stack up against competitors.

In a related vein, interviewees described gaining an outside perspective via less systematic insights from their competitors, other companies in the same geographic area, and, in some cases, their clients:

We're constantly experimenting. We get ideas from our clients. We get ideas from tech companies like Google and Facebook. We also keep tabs on what our competitors are doing and make sure we match that.

We definitely want to leverage our peers. A number of us sit on different boards. . . . We also keep up with and are aware of our peers here in the local area. In some ways we work together to attract talent to the [City] area, but we don't want to give everything away. We do not want to give away our secret ingredients, but we do want to share where we can.

Strategies are developed internally as well—by those with formal responsibilities and from managers and employees. One representative told us, “[Ideas] come both bottom-up and top-down. It could come from HR or it could come from the employees.” Sometimes ideas emerged

through brainstorming sessions, town halls, or employee surveys, but a small number of interviewees cited an emphasis on the use of research to identify strategies that would be a good fit:

We have a function in our organization where all they do is research. Their job is competitive analysis. They tell us where our gaps are.

We almost never look at other companies. We do look to research. The philosophy here is: figure out what works best versus benchmark what other people do.

Strategies are sometimes implemented after small-scale experimenting, such as a pilot test in one location, or following a cost-benefit analysis, but that was not consistently the case.

### ***Measuring Effectiveness***

We also asked Fortune 100 companies in our sample how they know if their strategies to attract and retain talent are worthwhile. In general, they rely on multiple and varied measures to gauge effectiveness across strategies, some based on employee perceptions and others on objective data. One interviewee explained, “It’s like flying a plane: you can’t stare at one gauge too long. We have 140 gauges running at one time.” These companies collect information directly from employees at specific intervals or “touch points” via means such as new hire surveys, annual surveys, and exit interviews, and also learn what employees are thinking indirectly via resources such as employee blogs and reviews on Glassdoor. Detailed examples of employee perception data are provided in Appendix B. A few interviewees mentioned that their companies ask about specific programs and benefits, but others told us explicitly that they do not collect that type of data, instead focusing on more global measures like culture, engagement, and satisfaction.

Turning our attention to objective data, our interviewees offered examples of both output and outcome measures. Outputs include metrics such as number of candidates at recruiting events, number of employee referrals, and number of employees accessing specific benefits; outcomes include number of hires and attrition rates. Interviewees also described more sophisticated recruiting and retention metrics such as:

- cost per hire
- referral bonus size per hire
- interview-to-offer ratio
- quality-of-hire ratio (based on performance ratings)
- employee tenure by hiring source
- retention of employees that used tuition assistance (compared with those that did not)
- retention of employees that received recognition (compared with those that did not).

Although some of these measures provide insights about costs, we did not observe consistent use of cost-benefit analysis among the companies in our sample. One reason is that not all of our interviewees are well versed in the particulars of evaluating strategies’ effectiveness; instead, their companies have human resources professionals dedicated to that function. In addition, as

conveyed in the following sentiment, we heard some skepticism about the utility of cost-benefit analysis:

We look at things, like year over year . . . how much recruiting expenses were and the cost per hire. We'll see if there is a positive trend. We are interested in all of this. We use this as a control, but it [cost-benefit analysis] is not what speaks loudest. You can't pinpoint causality with it.

In a related vein, another interviewee noted that cost-benefit analysis could be tricky because some strategies may take years to yield results.

### *Process for Evaluating Mix of Strategies in Portfolio*

We also asked companies how—and how often—they review and revise the overall mix of strategies used to attract and retain talent. We found that most companies not only have a process in place to evaluate the effectiveness of individual incentives, but also to assess the full portfolio of strategies. This review of programs, benefits, and incentives typically occurs at least annually:

Our CEO sits down with our executive committee and considers what's working and what's not. . . . We basically hit a reset button on an annual basis. That would also be when we realize if something is not meeting the goals that we set, that we need to do something about it.

We have a very good annual planning process. We present to the office president. It makes us ask ourselves if what we are doing is best. We never have a massive amount of cash to throw around. So we are very calculated in everything that we do.

Yet, as the following comments show, an annual review is just the minimum:

Within particular groups, we are constantly evaluating what is happening and what adjustments we need to make. If it's a big deal, we will bring it to HR leaders.

We have an HR leadership staff consisting of 32 people, and we meet on a bi-weekly basis. The agenda items consist of compensation and benefits. We meet on a formal basis once a quarter. For these more-formal meetings, the [Senior Leader Title] will present the key metrics and information.

We do it ongoing, where we assess everything. However, once a year (at a minimum) we assess everything because we have to do the budget. Should we reinvest here? Should we pull back here? But, it is really ongoing.

An annual budgeting process may serve as a forcing function for an assessment, but companies tend to proactively monitor the portfolio mix and functioning, at least informally, on a more regular basis.

## Lessons for the Air Force

Our interviews with companies on Fortune's "100 Best Companies to Work For" list revealed that they employ a wide array of recruiting and retention tools—programs, benefits, and

incentives—as part of a long-term, comprehensive human capital strategy. Some of the strategies, such as employee recognition programs, sabbaticals, community service, and employee referral bonuses, can deliver high impact at relatively low cost. These characteristics, along with the ability to turn these strategies “on” or “off” as funding levels dictate, suggest they are especially feasible options for DAWDF administrators to consider. Other strategies, such as culture, engaging and meaningful work, and compensation and benefits are important for SAF/AQ to be mindful of, but in many ways less germane to DAWDF given the magnitude and duration of the required investment. Nonetheless, as part of a retention strategy, DAWDF initiatives could aim to ensure that the existing acquisition workforce is well aware of the importance of its mission (i.e., meaningful work), opportunities for development, and the availability of amenities such as on-site exercise facilities.

We also learned about the importance of social media applications. Fortune 100 companies in our sample use external platforms like LinkedIn, Vimeo, and Indeed to help with recruiting and branding. These firms also try to benefit from the efforts of others on social media, such as by competing for a spot on well-publicized best-places-to-work lists and monitoring the company image conveyed via employee reviews on Glassdoor. In addition, one company told us about incorporating employee social media use into its employee referral bonus program. We heard about an internal social media application as well: recognition programs that provide employees with a highly visible way to acknowledge their colleagues’ contributions and achievement.

Since 2014, DAWDF funds have been used to develop acquisition career websites and a social media presence on Twitter, Facebook, and LinkedIn as part of a recruiting and branding strategy that includes an effort to educate potential employees about opportunities in the Air Force acquisition workforce for engaging and meaningful work and professional development. The social media presence is also meant to improve a sense of community among acquisition personnel.<sup>67</sup> In light of the importance placed on these tools by the companies we interviewed, SAF/AQH should continue to monitor the impact of its efforts in this area.

With respect to process, we found that Fortune 100 companies in our sample use mixed methods and different metrics to gauge the effectiveness of specific strategies. They collect information from employees both directly, using surveys, interviews, and feedback sessions, and indirectly through publicly available employee reviews and blogs. While this may be in part a bias of our sample (recall the Fortune 100 selection process involves an employee survey), we repeatedly heard that these companies greatly value employee perceptions. In addition, although companies also make use of objective data, both output and outcome-related, we heard less about cost-benefit analysis and return on investment as means to evaluate strategies’ utility. Finally, new ideas for strategies emerge from different sources, both external and internal, and companies

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<sup>67</sup> See Office of the Assistant Secretary of the Air Force for Acquisition, Air Force Acquisition Career Management, “Air Force Acquisition Workforce Recruiting Initiatives,” PowerPoint briefing, April 2014a. For “gateway” website for the acquisition career web pages, see “Air Force Acquisition Civilian Careers,” undated.

review their portfolio—the full set of strategies—at least annually. Many of these practices could be adopted for SAF/AQ use as it administers the DAWDF program and assesses its human capital strategy more generally.

Finally, our interview analysis suggests there is value in a framework that classifies strategies to attract and retain talent based on whether they pertain to individuals or the organization overall. Whether individual strategies focus on financial incentives or have a non-pecuniary nature is an important distinction as well; it can help to highlight approaches that may offer big wins for a small financial investment. Similarly, considering whether institution-level strategies have an external focus or an internal one can help ensure that adequate attention is paid both to cultivating a future supply of employees and to retaining the current workforce. In the next chapter, we extend this framework so that it can further guide SAF/AQ investments in strategies to attract, develop, and retain talent.

## 6. A Proposed DAWDF Decision Framework

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For several years, the Air Force has been in the fortunate position of not having to prioritize DAWDF proposals—the available money has been sufficient to fund all requests judged to meet DAWDF eligibility criteria. When this is no longer the case, it will be useful for SAF/AQH to have a framework for comparing the potential impact of different proposals. One could imagine some sort of mathematical linear programming tool that would allow the decisionmaker to determine which funded programs would produce some maximum output, but the varied nature of DAWDF initiatives (how would the success of a recruitment program be compared with the success of a training program?), the subjective judgment necessary to determine the success or failure of some programs, and the difficulty in establishing direct relationships between initiative inputs and expected outputs make such mathematical modeling unlikely. Nonetheless, our discussions with subject-matter experts, review of processes and metrics, and the results from our interviews with industry suggested a framework that could serve as a systematic way to examine DAWDF proposals in order to help ensure that the Air Force gets the biggest “bang for the buck” in a given year.<sup>68</sup>

### Evaluation Framework

Table 6.1 shows how information about DAWDF proposals can be arranged to start such an examination. As suggested by our interview analysis, the first column of the table groups initiatives into two “Target Levels,” that is, initiatives that are used to change the behavior of individuals or initiatives that are meant to change practices at the corporate (Air Force) level. The second column further categorizes initiatives as financial or nonfinancial for individuals, and internal or external for corporate-level initiatives. The third column, “Specific Initiatives,” is a sample list—based on past initiatives—that might be proposed in a given year. The last three columns in the table show how this set of initiatives maps into the three DAWDF categories (recruit and hire; train and develop; and retain and recognize).

In a given FY, DAWDF proposals could be categorized using this taxonomy. Thus, a proposal for tuition assistance (fifth row of the table) would be an individual financial incentive that might be useful for either recruiting or retaining individuals, as shown by the x’s in the appropriate cells of the table. Flextime (ninth row in the table) would be a personal nonfinancial

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<sup>68</sup> This framework is not unlike the “SMART” approach to management that is frequently discussed in management literature. There are different forms of the acronym, but one is that goals should be Specific, Measurable, Achievable, Relevant, and Time-bound (have a deadline). See, for example, “SMART Goals,” Massachusetts Institute of Technology Human Resources Performance Development website, undated.

incentive that might help recruit, retain, or, if flextime made it easier for employees to attend training courses, train and develop individuals. Similarly, the development of social media (12th row in the table) would be an example of a corporate external (outward-focused) initiative that might be helpful for recruiting, while improving information technology would be an internal corporate proposal that could affect all DAWDF goals.

**Table 6.1. Evaluation Framework for DAWDF Initiatives**

Target Level	Broad Initiative Category	Specific Initiatives	Recruit and Hire	Train and Develop	Retain and Recognize
Individual	Financial	Relocation assistance			x
		Signing bonus	x		
		Merit awards			x
		Tuition assistance		x	x
		Others	x	x	x
	Non-Financial	Recognition			x
		Sabbatical	x		x
		Flextime	x	x	x
		Services	x	x	x
		Other	x	x	x
Corporate	External	Social media	x		
		Branding	x		
	Internal	Info Technology	x	x	x
		Culture	x		x
		Other	x	x	x

An organization might use the same initiative for different purposes. Tuition assistance could be part of an organization's strategy to ensure that personnel in critical acquisition positions meet statutory acquisition education requirements. The metrics used for determining success of the proposals will depend on the purpose, and this will be part of leadership's application of the taxonomy.

As initiatives are received after the annual call for proposals, they can be organized in the framework proposed in Table 6.1. Now suppose that it becomes clear that the strategic focus for the year will be on recruiting and hiring. This leads to Table 6.2, where the "Recruit and Hire"

column has been highlighted, as have the specific incentives that are meant to affect this DAWDF category.

**Table 6.2. Recruit and Hire: First Stage of Framework Analysis**

Target Level	Broad Initiative Category	Specific Initiatives	Recruit and Hire	Train and Develop	Retain and Recognize
Individual	Financial	Relocation assistance			x
		Signing bonus	x		
		Merit awards			x
		Tuition assistance		x	x
		Others	x	x	x
	Non-Financial	Recognition			x
		Sabbatical	x		x
		Flextime	x		x
		Services	x	x	x
		Other	x	x	x
Corporate	External	Social media	x		
		Branding	x		
	Internal	Info Technology	x	x	x
		Culture	x		x
		Other	x	x	x

Participants in the DAWDF approval process can now focus on specific initiatives that best address recruiting and hiring goals and, assuming proposers provide adequate metrics, tentatively prioritize the initiatives. Table 6.3 lists possible performance metrics (measuring whether a goal was achieved) and value metrics (measuring the cost of achieving the goal) that could be used to do so. For example, proposals that state targets for a total number of hires or for a distribution of hires with specific skills will ultimately be judged on their performance—whether they meet their hiring goals—but decisionmakers can compare their value based on the cost per hire of the proposal.

For proposals related to corporate-level initiatives such as the use of social media, branding, culture, or compensation levels, decisionmakers can use their awareness of commercial practices in these areas (as discussed in Chapter Five) to gauge their potential performance, then use their judgment to determine if the proposals are worthwhile.

**Table 6.3. Hiring Metrics**

Performance Metrics	Value Metrics
Number of people hired	Cost per hire
Success of hiring targeted populations (specific skills)	Cost per hire
Surveys of candidates showing importance of social media, branding, and culture on decision to accept offer	Cost of implementing these practices compared with importance
Surveys of candidates showing importance of types of compensation	Cost of survey per candidate
Impact of IT on managing candidates	Cost of IT versus impact

Similarly, if the strategic focus in a given year is on training and development of acquisition personnel, decisionmakers will focus on proposals such as those in Table 6.4. This leads to a closer look in this case at tuition assistance, certain individual services, and information technology. Table 6.5 lists some potential performance and value metrics that can be used to prioritize proposals in this area.

Acquisition workforce professionals have education, training, and experience requirements for various professional, scientific, and technological certifications. DAWDF initiatives that are meant to have an impact on these certifications should clearly state the performance metric upon which their success will be judged, such as number of APDP certifications required, desired increase in acquisition corps certifications, or a goal for continuous learning completion. Proposals with similar goals can be prioritized based on the cost per certification in each proposal. There have been cases in which the impact of a proposal on the costs of a program can be shown; for example, SAF/AQH staff described a situation in which millions of dollars in savings were attributed to the skills acquisition personnel obtained in an experimental acquisition-training course. These savings were used as justification for expanding participation in the course using DAWDF funds.<sup>69</sup> In such cases, the net cost of the initiative can be the value metric used by decisionmakers to determine whether to approve the initiative.

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<sup>69</sup> This case was described in a December 2014 interview with SAF/AQH personnel.

**Table 6.4. Train and Develop: First Stage of Framework Analysis**

Target Level	Broad Initiative Category	Specific Initiatives	Recruit and Hire	Train and Develop	Retain and Recognize
Individual	Financial	Relocation assistance			x
		Signing bonus	x		
		Merit awards			x
		Tuition assistance		x	x
		Others	x	x	x
	Non-Financial	Recognition			x
		Sabbatical	x		x
		Flextime	x		x
		Services	x	x	x
		Other	x	x	x
Corporate	External	Social media	x		
		Branding	x		
	Internal	Info Technology	x	x	x
		Culture	x		x
		Other	x	x	x

**Table 6.5. Training and Development Metrics**

Performance Metrics	Value Metrics
Impact of training on APDP certification	Cost per new certification
Impact of training/program on Acquisition Corps certification	Cost per new certification
Impact of training/program on continuous learning certification	Cost per new certification
Impact of initiative on acquisition performance (e.g., reduction in cost of a specific acquisition program)	Net cost of initiative (cost minus savings in the specific program)
Surveys of participants that show importance of program for training and development	Cost of implementing initiative compared with surveyed importance

## Conclusion

The approach described in this chapter is a simple way to formalize decisions related to DAWDF initiatives in a systematic way. Adopting an evaluation framework such as the one proposed here provides several benefits:

- introduces rigor into the overall process
- requires better use of data and metrics from proposers
- assists in process transparency and justification of results
- helps organizations at all levels focus effort where results are needed most
- documents initiative goals so adjustments can be made
- helps create an auditable record
- will help respond to audit and GAO requests for justification.

## 7. Conclusions and Recommendations

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DAWDF-funded hiring has strategically reshaped the acquisition workforce,<sup>70</sup> and in 2012, the Under Secretary of Defense for Acquisition, Technology, and Logistics stated that continuation of the DAWDF was “essential to our deliberate development and quality initiatives.”<sup>71</sup>

Successful Air Force management of the DAWDF program involves

- recognizing the existence of an acquisition workforce problem
- justifying the use of DAWDF money for initiatives proposed to solve the problem
- monitoring the performance of the initiative
- updating, modifying, or canceling the initiative based on its performance.

These principles require good communication with acquisition workforce personnel and functional managers, effective use of data sources for justification of initiatives and for performance monitoring, and transparent processes for collecting and approving proposed DAWDF initiatives. The detailed recommendations related to these requirements, as described in earlier chapters of this report, can be briefly summarized as follows. SAF/AQH should

- Formalize and document all processes related to DAWDF management.<sup>72</sup>
- Stress the use of appropriate levels of data for justifying DAWDF initiatives and monitoring their performance.
- Use a more formal process, such as the framework described in Chapter Six, for approving DAWDF initiatives.

As it looks ahead to improving communications related to DAWDF programs, the Air Force DACM should consider establishing a semiannual DAWDF conference that includes senior functional representatives (GS-15 or above) from MAJCOMs and centers, representatives from the personnel (A1) community, and a mix of lower-level representatives from key functional communities.<sup>73</sup> Such a conference could be attached to an existing acquisition forum or could be conducted virtually.

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<sup>70</sup> DoD, 2014, p. 4.

<sup>71</sup> Frank Kendall, “Guidance for the Continuation of Defense Acquisition Workforce Improvement Initiative,” memorandum for various agencies, Washington, D.C.: Under Secretary of Defense for Acquisition, Technology and Logistics, U.S. Department of Defense, September 11, 2012a.

<sup>72</sup> RAND provided a draft guidebook based on the Army’s operating guide. The draft suggests an approach to formalizing and documenting Air Force DAWDF processes.

<sup>73</sup> As another approach to improving communication about the DAWDF, RAND also produced a template for a brochure that could be printed, emailed, or used as a model for a web page to advertise the availability of the program.

Finally, DAWDF money can be used to hire people for the management of DAWDF-related programs (such as management related to AFAEMS), so the Air Force should consider using these funds to pay for a new position that would provide support for DAWDF oversight and communication.

## Appendix A. Air Force DAWDF Initiatives for FY 2015 and Line Item Descriptions

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This appendix contains a list of the key Air Force initiatives funded by DAWDF in FY 2015. Detailed descriptions of these initiatives can be found at the DAWDF website.<sup>74</sup> In addition, the appendix contains detailed descriptions used by the Army for the 11 line items into which the DAWDF initiatives are categorized.

### FY 2015 Air Force DAWDF Initiatives

#### **Line Item 1 (BP 301)**

AFIT Contracting Courses (MRC-102, CON-170, and CON-270)  
Mission Ready Contracting Officer Course (MRC-102)  
AFIT Current Topics in Acquisition and Support Course (SYS 400)  
AFIT Fundamentals of Acquisition Management Course (FAM 103)  
AFIT Integrated Cost Analysis Courses (QMT 290/490)  
AFIT Introduction to Developmental Planning Course (SYS 105)  
AFIT Intermediate Project Management Skills Course (IPM 301)  
AFIT Industry Standards for Project Management Courses  
AFIT T&E Courses (SYS 252/253; SOT 210/310/410; REL 210/310; REL 410)  
AFIT Management of the Manufacturing Readiness Process Course (SYS 213)  
Acquisition Leadership Challenge Program Courses  
Emerging Training Needs  
AFIT Support for Distance Learning Courses  
Numerous other courses

#### **Line Item 3 (BP303)**

Competency Management Tool  
Automated Career Field Education and Training Plan (CFETP) Tracking

#### **Line Item 5 (BP305)**

Tuition Assistance

#### **Line Item 6 (BP306)**

Advanced Academic Degrees  
Advanced Academic Education For Civilian STEM+M Employees  
Air Force Pricing Subject Matter Expert (SME) Team

#### **Line Item 7 (BP307)**

DAWDF Program Management

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<sup>74</sup> “AF Portal,” undated.

Pathways Interns

**Line Item 8 (BP308)**

Recruiting Incentives

Permanent Change of Station

**Line Item 9 (BP309)**

Branding and Enterprise Recruiting

Center Recruiting

**Line Item 10 (BP310)**

Journeymen Hiring

**Line Item 11 (BP311)**

Journeymen Replenishment

## Detailed Descriptions of Army DAWDF Line Items

The Army uses the following 11 line items, which are very similar to the line items used by the Air Force. Both services adjust these line items, and their descriptions, over time.<sup>75</sup>

### *Train and Develop*

- *Line Item 1: Training Enhancements and Capacity Expansion.* Initiatives in this line item will provide additional Defense Acquisition University throughput, curriculum development, and other learning support to meet previously unmet demand. There is a gap between the demand of DoD organizations for certification and assignment-specific training and the capacity of the Defense Acquisition University to provide training. In addition, various DoD components have identified specific requirements to improve project management, engineering, business, and leadership skills.
- *Line Item 2: Comprehensive Acquisition Workforce and Student Information System.* Initiatives in this line item will provide a single clearinghouse for workforce data, the statutorily mandated workforce management information system, and a commercial best-in-class student information system. The objective is to drive standardization, integrate systems, build transparency, improve data quality, and ensure a comprehensive workforce analysis capability. This will ensure that current, accurate, and transparent information is available to acquisition leaders and will enable strategic workforce planning and decisionmaking capability
- *Line Item 3: Competency Management and Assessments.* Initiatives in this line item will provide a standardized competency management program, validated competency models for all career fields, tools to produce individual development plans, the ability to

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<sup>75</sup> The descriptions of individual line items are taken from the Army Section 852 website. (See U.S. Army, “DAWDF Program,” website, undated.)

determine training needs, and support for human capital planning. The Department is committed to an enterprise competency management and workforce assessment capability. This will improve the Department's ability to appropriately identify workforce skill gaps, requirements, and needed learning assets.

- *Line Item 4: Workforce Planning—Pilot Program.* This Air Force pilot initiative is being worked with OPM to develop a human capital architecture that includes interview tools, occupational questionnaires, and job previews. If successful, it has the potential to enable acquisition centers to deploy competency-based tools and create organization-specific recruitment and retention strategies. A key outcome will be tailored succession plans that will help acquisition organizations transition from their current state to their forecasted “to be” mission.

### *Retain and Recognize*

- *Line Item 5: Retention and Recognition Incentives.* Initiatives in this line item will retain high performers with critical skills and in key leadership positions and improve retention in positions that are in short supply through incentives and programs designed to make a career in DoD acquisition more attractive. If not addressed in a deliberate fashion, the forecasted loss of corporate knowledge and expertise has the potential to significantly impact the ability of the acquisition workforce to carry out its mission of achieving successful acquisition outcomes. It includes retention bonuses, tuition assistance, and student loan payments
- *Line Item 6: Career Broadening and Academic Programs.* Initiatives in this line item will provide developmental assignments, rotations, programs at academic institutions, training outside one’s current specialization, and opportunities to acquire joint and interagency experience. The legacy career structure for civilian employees and the way they have been managed has emphasized depth over breadth, which results in a “silo” framework that inhibits the broader perspective needed to manage complex acquisition programs. A more attractive career structure, which will improve retention in the acquisition workforce, is one that provides sufficient breadth of experience, training, and education.

### *Recruit and Hire*

- *Line Item 7: Intern Programs.* Initiatives in this line item support recruiting, hiring, and developing interns to be better qualified at the point of migration into the acquisition workforce.
- *Line Item 8: Recruiting Incentives.* Initiatives in this line item seek to attract qualified applicants in such critically needed areas as Contracting, Cost Estimating, Science, Technology, Engineering, and Mathematics (STEM), minority applicants, and recent college graduates. This complements other hiring initiatives by enabling DoD to more effectively hire high-demand talent in an increasingly competitive labor market.
- *Line Item 9: Outreach Programs.* Initiatives in this line item will deliberately market the DoD acquisition community as an employer of choice. It is a DoD goal to maintain a diverse, capable, and ready civilian and military workforce, which this line item will support. Reaching personnel with high-quality skills is key.

- *Line Item 10: Journeyman Hiring.* Initiatives in this line item will target experienced employees, such as retiring military and seasoned industry candidates. Workforce analysis indicates a need for mid-career hires to complement our intern initiatives and to ensure strong bench strength to fill senior and executive positions.<sup>76</sup>
- *Line Item 11: Highly Qualified Expert (HQE) Hiring.* Initiatives in this line item are to hire temporary employees for up to five years. In many cases, there is a need for people with special expertise who are already at a senior level and are recognized experts in an acquisition field or related discipline. HQEs are hired under a special hiring authority granted by Congress.

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<sup>76</sup> The ability to acquire experienced people and integrate them with Air Force work processes is an important element in civilian component hiring. It is generally almost impossible to hire mid-career military personnel as the military component must grow experience.

## Appendix B. Detailed Comments Related to Lessons from Industry

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This appendix has four tables with detailed comments related to RAND's interviews with a sample of companies who were recognized in 2014 or 2015 as Fortune's "100 Best Companies to Work For":

- Table B.1. Examples of Employee Referral Bonus Programs
- Table B.2. Examples of Fortune 100 Merit Award Programs
- Table B.3. Examples of Sabbatical Programs
- Table B.4. Employee Perception Data Examples

**Table B.1. Examples of Employee Referral Bonus Programs in  
RAND's Sample of Fortune's "100 Best Companies to Work For"**

<p>1. “At this point, we are about 50 percent employee referrals. Bonuses play a role in this. Some people make \$70,000 extra for these referrals. That is like having an additional yearly salary. . . What makes a good referral program? You need generous referral bonuses. They cannot just be \$50. We also have people dedicated to the employee referral program. When there is a referral, it goes to this special group of people. [This group of people] looks through the referrals—it is like triage. It works beautifully. You start to get into a rhythm. We also have a really good referral tracking system, which makes things really easy.”</p> <p>2. “Our standard employee referral bonus can vary, from \$500 to \$5,000. We know that our best candidates will come from referrals by other employees. We really put a lot of emphasis on employee referral bonuses.”</p> <p>3. “There’s a \$1,000 fee that goes to an associate whose referral leads to a hire. We have an online tool that associates can go in there and enter a name, contact information, and the role the person is seeking, and that’s followed up on.”</p> <p>4. “We post jobs on our careers website and on our internal website. An employee can send a job posting from the internal website to a friend, and that is tracked automatically through our system. If that friend ends up getting hired, then the employee who did the referring will get the bonus. If [the original referral] is not properly tracked through our system, but if the referred person says early enough that they were referred by an employee, then everything still works. After the referred person starts, then the employee who did the referring gets \$1,000.”</p> <p>5. “Ninety days after the [referred] employee is hired – that is when the [referral bonus] pay starts being processed. Any employee is eligible to receive the bonus pay except for HR recruiting folks. There is specific paperwork that has to be processed in advance of the actual hiring. It can’t be done retroactively. . . . The applicant/recruit in the application process can put who referred them, and the employee [who did the referring] also has to fill out paperwork for this to work. The bonus escalates with the level of the hire. The bonuses range from \$1,000 to \$5,000. More senior director type roles are like \$5,000, associates are around \$2,000, and more administrative/ positions are among those that qualify for a \$1,000 bonus.”</p> <p>6. “We did revamp our employee referral policy. . . . For the old employee referral policy, employees used to have to personally know [the people they referred]. Now, we have added a social media component: employees are able to refer people whom they do not know personally but that they made aware of the job via social media (perhaps the employee has an impersonal connection through LinkedIn, for example), but employees get less money for these types of referrals.”</p>
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SOURCE: 2015 RAND PAF industry practices interviews.

**Table B.2. Examples of Fortune 100 Merit Award Programs**

1. “We do have a recognition program that we just rolled out this year. It is called ‘Achievers.’ It is kind of like Facebook [with its platform and activity stream]. You are able to nominate someone for doing a good job, and everyone can see it. It really goes back to our mission and our deliverables—you know, working across groups to get something done. You can earn points. The points add up to allow you to purchase something. But, points do not have to be involved (it could just be simple recognition). Points and recognition are given to someone for going above and beyond.”
2. “Within our firm intranet, there’s a place you can recognize a co-worker, basically. You fill out a form online, recommend an award amount, you hit submit, and it goes to our HR team, our talent team. They review it, do some basic checks and balances (like whether the nominee has gotten good performance reviews), and then it goes to the profit-and-loss owner (in this case, a service area lead) who can approve or disapprove the award. That person has a budget to give these spot awards.”
3. “We have a peer bonus program. Without any approval chain you can give someone \$100. There are some rules behind this, but the bar is very low. You can’t get it for doing normal things. You have to have done something above what is normally expected of you. So that is one nice program we have. There is also a non-monetary way to do this. This is called ‘kudos.’ This basically allows you to publicly thank people. You can ‘cc’ whomever you want, and these thank-yous live on a certain permanent page.”
4. “We have a recognition program from a third party, but it is personalized by [Company]. You can recognize peers. You can also do monetary recognition. The peer recognition is up to \$100. There is a level of approval required above \$100. The award can go all the way up to \$1,000 or \$1,500. There is a quarterly budget set aside for this. You can also just give ‘Atta boy!’s or ‘Atta girl!’s (there is no money attached for these).”
5. “One good program we have is the Recognition Award Center. We fund everyone who is at the associate manager level and above, so that they can recognize people. [These managers] can give awards to people. The leaders of big functions get a large budget for this recognition. It works so well. It is immediate recognition. If, for example, someone spends a bunch of time on something, [they could be recognized for their efforts through this program]. It’s important to disperse the funds throughout the organization, so that people can recognize others. We have a great automated tool, so [managers] can give the money really quickly and easily.”
6. “We actively promote recognition. At a basic level, we have a spontaneous recognition program. A manager or peer – anyone at [Company] – can go into an online tool that we have and say ‘thank you.’ I can go in and give ‘Pat,’ say, a \$25 gift card. Above that, a manager has to approve it. We need to make sure friends aren’t rewarding friends for the wrong things . . . If Pat wanted to give \$50 to someone who reports to me, I get an email notification to look at it [the plans to spend \$50] and approve it because it comes out of my budgets. As a culture, we feel timely recognition is important. So you don’t see a lot of delays in doing that sort of thing at [Company]. The rewards program is essentially designed to be a thank you for something above and beyond.”

SOURCE: 2015 RAND PAF industry practices interviews.

**Table B.3. Examples of Sabbatical Programs**

<p>1. “[E]very year, you can take a two-month unpaid sabbatical. People apply for that. Also, we offer a six-month-long or year-long option. This is where you can work at another company for six months or a year, but you are kept in the [Company] payroll system.”</p>
<p>2. “We offer two sabbatical programs. I’m not really well-versed in them, but one is an unpaid sabbatical. I think you can structure its length, but maybe three, four, or up to six months. You are guaranteed a job back, maybe not exactly what you’re doing, but it is a job back. You can do that for any reason you’d want to do it. The second kind is paid, but the reason is more targeted. You have to go do some community-based activity. I think it’s for four months, and we pay you 40 percent of your salary and I think you retain your full benefits for those four months.”</p>
<p>3. “We recently revamped our sabbatical program. It used to be that all U.S.-based employees received eight weeks of sabbatical every seven years, fully paid and I think mandatory to take. The sabbatical rewards hard work. The employee is supposed to relax, disconnect, and then come back rejuvenated. Now there is a new option: four weeks every four years. The old option is still available too.”</p>
<p>4. “You have to have a minimum of seven years of employment at the company in order to be eligible to request for a personal sabbatical. They must have at least on-target performance in order to be eligible. The sabbatical can be a minimum of four weeks long and a maximum of 12 weeks long. Employees are not required to provide a reason for requesting a sabbatical. The sabbatical must be taken in one continuous period of time. It is unpaid.”</p>
<p>5. “At 15 years, you get a five-week sabbatical. And you get a sabbatical every five years after that. Fifteen years may seem like a long time, but people work here for a long time. Sabbaticals are full pay.”</p>
<p>6. “One business area has implemented a sabbatical program. After 12 to 15 years, burnout can be really high. I believe it’s after ten years, and I don’t know the specific parameters, but it helps us to combat that senior asset burnout. All the work hours and travel can affect an associate over time.”</p>

SOURCE: 2015 RAND PAF industry practices interviews.

**Table B.4. Employee Perception Data Examples**

1. “We get a lot of ‘sentiment data’ from our workforce through our talent survey and other kinds of targeted surveys about our benefits package and things like that. Once a year we ask employees for perceptions of our benefit package and things that are or aren’t working about their [Company] experience. We also conduct on-boarding surveys at 60, 90, 180, and 360 days to get onboarding experience for new hires. Our recruiting team tries to understand when someone declines an offer, what were the factors that made them decline – culture, comp package, the work itself, geographic location. We also do the same with folks who are thinking of exiting – both those who do leave and those who stay. We are constantly collecting sentiments from candidates, employees, and even our alumni.”
2. “We are constantly looking at metrics: We do employee engagement surveys, we talk to people, we try to do exit surveys. We are really a high-touch company. We are collecting a lot of metrics through these surveys and discussions, and we also look at retention rates. And we are always asking ourselves what works and what doesn’t.”
3. “We have some individual program measures. But what we value more is our pulse survey. We have a number of questions aligned toward employee engagement, the employee engagement index. Questions like: Are you motivated in your job?; Are you able to develop in your job?; Are you able to apply your skills in a meaningful way? That tends to be the focus overall on the portfolio of talent. Any one employee may only experience one, two, or none of the programs that we have talked about, but they may be fully engaged during that 12- to 18-month period.”
4. “We do surveys very frequently. Once a year we do surveys from external vendors (such as surveys for the Fortune 100 Best Companies to Work list and for the Best Places to Work in New Jersey list) and from internal sources. We also do internal surveys that aim to uncover how the employees feel and how they interpret the benefits package. The internal surveys also look into how effective managers are and ask employees if they feel their work is challenging, etc.”
5. “We do ‘stay’ interviews. We just started these. We have always done exit interviews. We use the [Fortune] Best Places to Work survey to understand employee engagement and how motivated our employees are. The questions are based around five different categories: credibility, respect, fairness, pride, and camaraderie.”

SOURCE: 2015 RAND PAF industry practices interviews.



## Appendix C. Industry Practices Interview Protocol

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To help understand how Air Force DAWDF initiatives compare to programs used by other organizations, the study team conducted interviews with 21 organizations that were recognized in 2014 and/or 2015 as Fortune's "100 Best Companies to Work For." Interviews conducted for this study were led by one member of the study team, and a second study team member took copious notes. The notes were later coded using QSR NVivo 10, a software package that enables its users to review, categorize, and analyze qualitative data, such as text, visual images, and audio recordings. Software such as NVivo 10 permits analysts to assign codes to passages of text and then later retrieve passages of similarly coded text within and across documents. Codes are used in the data-reduction process, in order to retrieve and organize qualitative data by topic and other characteristics. For this effort, codes were largely based on the interview protocol (e.g., recruiting practices and incentives; programs, benefits, and strategies used to retain employees; approaches used to identify and implement new strategies). The questions below were used to guide the interviews.

### RAND Interview Protocol

1. What is your job title, and how long have you been at [COMPANY]?
2. What programs, benefits, or incentives does [COMPANY] use to attract or hire new employees?
  - a. Probe [for each one mentioned]: What kind of prospective employees does [COMPANY] target for each of them? For example, is your company trying to hire new college graduates with a specific degree or mid-career professionals with a hard-to-find skill set?
  - b. Probe [for each one mentioned]: How did [COMPANY] scale or scope each one? For example, was there a set number of candidates, set dollar value, or set timeframe for each, or are some incentives open-ended?
3. You mentioned [summarize Q2] as perks or incentives that [COMPANY] uses to attract or hire new employees. Does your company offer any tuition assistance, student loan repayment, signing bonus, or relocation assistance? [skip those mentioned in Q2]
  - a. Probe: If yes, please tell me about that. [probe for desired employee type and scale or scope]
  - b. Probe: If not, why not?

4. [If applicable] Now let's talk about retention. What programs, benefits, or incentives does [COMPANY] use to retain employees?
  - a. Probe [for each one mentioned]: What kind of employees does [COMPANY] target for each of them? For example, is your company trying to retain a specific skill set?
  - b. Probe [for each one mentioned]: How did [COMPANY] scale or scope each one? For example, was there a set number of employees to retain, set dollar value, or set timeframe for each, or are some incentives open-ended?
5. You mentioned [summarize Q4] as perks or incentives that [COMPANY] uses to retain employees. Does your company offer any merit awards, sabbaticals, tuition assistance, student loan repayment, or retention bonuses? [skip those mentioned in Q4]
  - a. Probe: If yes, please tell me about that. [probe for desired employee type and scale or scope]
  - b. Probe: If not, why not?
6. How does [COMPANY] measure how effective these perks and incentives have been?
  - a. Prompt: This could include objective measures, like number of hires or attrition rates, or more subjective measures like job satisfaction or commitment.
  - b. Probe: Does [COMPANY] do any sort of cost/benefit analysis? Please tell me about that.
7. Which perks or incentives have been most effective for [COMPANY]?
8. Which perk or incentives, if any, did [COMPANY] try that were ineffective or not effective enough?
9. How did [COMPANY] decide to use the programs, benefits, and incentives we just discussed?
  - a. Probe: Did your company investigate the “best practices” of other firms to see what approaches they use to recruit or retain personnel? If yes, how did [COMPANY] learn about those practices?
10. How did [COMPANY] decide how to measure the effectiveness of those approaches?
  - a. Probe: Did your company investigate the “best practices” of other firms in this regard? If yes, how did [COMPANY] learn about those practices?
11. More generally, what does [COMPANY] do to help it determine whether programs, benefits, and incentives like those we just discussed are necessary—and which ones?

- a. Probe: How—and how often—is the mix of approaches reviewed and potentially revised?

12. Thank you for your time today. In closing, is there anything else you'd like to share about the practices that [COMPANY] uses to attract, hire, or retain employees?



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Since the establishment of the Defense Acquisition Workforce Development Fund (DAWDF), the U.S. Air Force's Director of Acquisition Career Management (D ACM) has received funds sufficient to pay for all initiatives that satisfy DAWDF criteria. Recognizing that this will not always be the case, D ACM asked the RAND Corporation to develop a decision framework to help prioritize DAWDF initiatives and ensure that the funds are used effectively.



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